SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY

REGULAR MEETING AGENDA
OCTOBER 27, 2016 8:30 A.M.

Location: City Council Chamber, 15651 East Stafford Street, City of Industry, California

Addressing the Agency:

- ***Agenda Items:*** *Members of the public may address the Successor Agency on any matter listed on the Agenda. In order to conduct a timely meeting, there will be a three-minute time limit per person for any matter listed on the Agenda. Anyone wishing to speak to the Successor Agency is asked to complete a Speaker's Card which can be found at the back of the room and at each podium. The completed card should be submitted to the Secretary prior to the Agenda item being called and prior to the individual being heard by the Successor Agency.*

- ***Public Comments (Non-Agenda Items):*** *Anyone wishing to address the Successor Agency on an item not on the Agenda may do so during the "Public Comments" period. In order to conduct a timely meeting, there will be a three-minute time limit per person for the Public Comments portion of the Agenda. State law prohibits the Successor Agency from taking action on a specific item unless it appears on the posted Agenda. Anyone wishing to speak to the Successor Agency is asked to complete a Speaker's Card which can be found at the back of the room and at each podium. The completed card should be submitted to the Secretary prior to the Agenda item being called by the Secretary and prior to the individual being heard by the Successor Agency..*

Americans with Disabilities Act:

- *In compliance with the ADA, if you need special assistance to participate in any meeting (including assisted listening devices), please contact the Office of the Secretary to the Successor Agency (626) 333-2211. Notification of at least 72 hours prior to the meeting will assist staff in assuring that reasonable arrangements can be made to provide accessibility to the meeting.*

Agendas and other writings:

- *In compliance with Government Code Section 54957.5(b), staff reports and other public records permissible for disclosure related to open session agenda items are available at City Hall, 15625 East Stafford Street, Suite 100, City of Industry, California, at the office of the Secretary of the Successor Agency during regular business hours, Monday through Friday, 9:00 a.m. to 5:00 p.m.*

1. Call to Order
2. Flag Salute
3. Roll Call
4. Public Comment

5. **BOARD MATTERS**

5.1 Consideration of Resolution No. 2016-19 - A RESOLUTION OF THE SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY APPROVING THE PURCHASE AGREEMENT BETWEEN THE AGENCY AND PRL GLASS SYSTEMS, INC., FOR THE PROPERTY LOCATED AT 13530 NELSON AVENUE, CITY OF INDUSTRY, AND MAKING THE REQUISITE CEQA FINDINGS.

RECOMMENDED ACTION: Adopt Resolution No. 2016-19.

5.2 Consideration of Change Order No. 2 submitted by Marina Landscape Maintenance, Inc., and appropriate $64,625.00 for additional work in conjunction with the Baker Parkway Slope Landscape Maintenance Project, Contract No. GCD-0382.

RECOMMENDED ACTION: Approve Change Order No. 2, and appropriate $64,625.00 for the work.

5.3 Consideration to cancel the next regular meeting scheduled for Thursday, November 24, 2016 at 8:30 a.m.

RECOMMENDED ACTION: Cancel the next regular meeting.

6. Adjournment. If item 5.3 is approved, the next Successor Agency meeting will be on Thursday, December 22, 2016, at 8:30 a.m.

SUCCESSOR AGENCY

ITEM NO. 5.1

MEMORANDUM

TO: Honorable Chairman and Members of the Board of the Successor Agency to the Industry Urban-Development Agency

FROM: James M. Casso, Successor Agency Counsel

DATE: October 27, 2016

SUBJECT: Consideration of a Resolution Approving an Agreement for the Purchase of Property Located at 13530 Nelson Avenue, City of Industry by PRL Glass Systems, Inc. and making CEQA Findings

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BACKGROUND: Under the provisions of ABX1 26 (the "Dissolution Act"), redevelopment agencies, including the Industry Urban-Development Agency (the "Agency"), were dissolved on February 1, 2012, and successor agencies were designated and vested with the responsibility of winding down the business and fiscal affairs of the former redevelopment agencies.

The Dissolution Act requires the Successor Agency to the Industry Urban-Development Agency (the "Successor Agency") to dispose of all Agency-owned property expeditiously and in a manner that maximizes value. In an effort to comply with the provisions of the Dissolution Act, the Successor Agency plans to enter into a purchase agreement (the "Agreement") with PRL Glass Systems, Inc. (the "Developer") for the property located at 13530 Nelson Avenue, Industry, California 91746 (the "Property").

The attached Resolution sets forth the requisite findings pursuant to CEQA and it ensures that the proposed purchase, which awaits Oversight Board and Department of Finance approval, is in compliance with California law.

DISCUSSION: The Developer is a manufacturer of glass and mirrors with existing facilities in the City. The Developer proposes to construct an industrial concrete tilt up building on the Property. The Property is approximately 2.08 acres in size. The building will be used for additional glass and mirror fabrication.

The Developer will purchase the Property from the Successor Agency for $2,718,144.00, which is an amount within the range of the appraised fair market value. Further, at the close of escrow, the Developer will reimburse the City for the cost of the appraisal and for its legal costs, in an amount not to exceed $15,000.00. The Agreement requires a $271,814.40 refundable deposit at the opening of escrow, which will become non-refundable 30 days thereafter.

Close of escrow will occur within 30 days after the Developer has secured all local, county, and state approvals. However, the close of escrow may be extended upon the written consent of the Developer and the Executive Director of the Successor Agency.

The Developer will be required to comply with the City's General Plan and Zoning Code, for the proposed development. However, the attached Resolution only contemplates the proposed sale of the Property. Any future land use entitlements to construct a new facility will require separate approval, pursuant to the requirements of the City's Code.

BUDGET IMPACT: Based on an appraisal by Stephen G. White, MAI, the Property is valued between $2,540,000.00 and $2,720,000.00. The value of the Property is based on the approximately 90,600 square feet of vacant land area zoned for industrial use. The Developer has agreed to pay $2,718,144.00, an amount within the range of the appraised fair market value.

RECOMMENDATION: Staff recommends that the Board adopt the attached Resolution, approving the Agreement between the Successor Agency and the Developer for the Property.

Attachments:

Resolution
Purchase Agreement

RESOLUTION NO. SA 2016-19

A RESOLUTION OF THE SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY APPROVING THE PURCHASE AGREEMENT BETWEEN THE AGENCY AND PRL GLASS SYSTEMS, INC., FOR THE PROPERTY LOCATED AT 13530 NELSON AVENUE, CITY OF INDUSTRY, AND MAKING THE REQUISITE CEQA FINDINGS

WHEREAS, on December 29, 2011, the California Supreme Court delivered its decision in *California Redevelopment Association v. Matosantos* ("*Matosantos*"), finding Assembly Bill X1 26 (the "Dissolution Act") largely constitutional; and

WHEREAS, under the Dissolution Act and the California Supreme Court's decision in *Matosantos*, all California redevelopment agencies, including the Industry Urban-Development Agency of the City of Industry (the "Agency"), were dissolved on February 1, 2012, and successor agencies were designated and vested with the responsibility of winding down the business and fiscal affairs of the former redevelopment agencies; and

WHEREAS, on September 22, 2011, the City Council of the City of Industry (the "City") adopted Resolution No. 2011-20 accepting for the City the role of "Successor Agency," in accordance with the provisions of Health & Safety Code Section 34177(j); and

WHEREAS, under the provisions of Health & Safety Code Section 34191.4, once the Department of Finance (the "Department") issues a Finding of Completion, successor agencies are provided with additional authority to carry out the wind-down process; and

WHEREAS, in accordance with Health & Safety Code Section 34191.5, after the issuance of a Finding of Completion, successor agencies are required to prepare a Long Range Property Management Plan (the "LRPMP"), which must identify all Agency-owned real property, and address the disposition and use of the real properties; and

WHEREAS, the Successor Agency received its Finding of Completion from the Department on April 26, 2013; and

WHEREAS, the LRPMP was submitted to the Department, and was approved by the Department on February 21, 2014; and

WHEREAS, upon approval of the LRPMP by the Department, all Agency-owned property was transferred to the Successor Agency's Community Redevelopment Property Trust Fund; and

WHEREAS, the Successor Agency owns certain property located at 13530 Nelson Avenue, City of Industry, California 91745 (the "Property"); and

WHEREAS, pursuant to the provisions of the LRPMP, the Successor Agency desires to sell the Property at its highest and best use, maximizing its value and in furtherance of the economic goals and as provided for in the City's General Plan; and

WHEREAS, the Successor Agency desires to sell the Property to PRL Glass Systems, Inc. (the "Developer"), pursuant to a Purchase Agreement (the "Agreement"). The purchase price is $2,718,144.00, which is an amount within the range of the appraised fair market value of the Property, as determined by an appraisal performed by Stephen G. White, MAI; and

WHEREAS, the purchase of the Property is exempt from the California Environmental Quality Act ("CEQA") (Public Resources Code Section 21000 *et seq.*), pursuant to Section 15061(b)(3) of the CEQA Guidelines. Section 15061(b)(3) of the CEQA Guidelines exempts projects covered by the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. The sale of the property does not involve any land use entitlements that will allow for development on the property. The sale would not create any public health or safety hazards and would not have a significant impact on the resources or services within the surrounding area, such as water, sanitary services, surrounding roadways and intersections. Any future development at the property will be subject to additional environmental review and independent analysis as required by CEQA; and

WHEREAS, the Successor Agency has duly considered all terms and conditions of the proposed Agreement and believes that the redevelopment of the Property in accordance therewith is in the best interests of the Successor Agency, the City and the health, safety and welfare of its residents, maximizes value, is consistent with the provisions of the LRPMP, and is consistent with the public purposes and provisions of applicable state and local laws and requirements.

NOW, THEREFORE, THE SUCCESSOR AGENCY DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

SECTION 1. The above Recitals are true and correct and are incorporated herein by reference.

SECTION 2. All necessary public hearings and opportunities for public testimony and comment have been conducted in compliance with State law and the Municipal Code of the City of Industry.

SECTION 3. The purchase of the Property is exempt from CEQA pursuant to Section 15061(b)(3) of the CEQA Guidelines. Section 15061(b)(3) of the CEQA Guidelines exempts projects covered by the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. The sale of the property does not involve any land use entitlements that will allow for development on the property. The sale would not create any public health or safety hazards and would not have a significant impact on the resources or services within the surrounding area, such as water, sanitary services, surrounding roadways and intersections. Any future development at the property will be subject to additional environmental review and independent analysis as required by CEQA.

Based on these findings, the Successor Agency adopts the Notice of Exemption and directs staff to file same as required by law.

SECTION 4. The Successor Agency hereby approves the sale of the Property to the Developer for a purchase price of $2,718,144.00, subject to the terms and conditions set forth in the Agreement, attached hereto as Exhibit "A," and incorporated herein by reference.

SECTION 5. The Successor Agency hereby directs staff to comply with all applicable statutes regarding the distribution of the sales proceeds to the Los Angeles County Auditor-Controller for distribution to the taxing entities.

SECTION 6. The Executive Director or his designee is hereby authorized and directed, jointly and severally, to do any and all things which they may deem necessary or advisable to effectuate this Resolution, and any such actions previously taken by such officers and staff are hereby ratified and confirmed.

SECTION 7. The provisions of this Resolution are severable and if any provision, clause, sentence, word or part thereof is held illegal, invalid, unconstitutional, or inapplicable to any person or circumstances, such illegality, invalidity, unconstitutionality, or inapplicability shall not affect or impair any of the remaining provisions, clauses, sentences, sections, words or parts thereof of the Resolution or their applicability to other persons or circumstances.

SECTION 8. The Agency Secretary shall certify to the passage and adoption of this Resolution and enter it into the respective book of original resolutions.

SECTION 9. This Resolution shall take effect immediately upon adoption.

PASSED AND ADOPTED this 27th day of October, 2016, by the following vote:

AYES: AGENCY BOARD MEMBERS:

NOES: AGENCY BOARD MEMBERS:

ABSENT: AGENCY BOARD MEMBERS:

ABSTAIN: AGENCY BOARD MEMBERS:

_____

Mark D. Radecki, Chairman

ATTEST:

_____

Diane M. Schlichting, Assistant Secretary

STATE OF CALIFORNIA COUNTY OF LOS ANGELES CITY OF INDUSTRY	)))	ASSISTANT SECRETARY'S CERTIFICATION RE: ADOPTION OF SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY RESOLUTION

I, Diane M. Schlichting, Assistant Secretary of the Successor Agency to the Industry Urban-Development Agency, do hereby certify that the foregoing Resolution No. SA 2016-___ was duly passed and adopted at a meeting of the Successor Agency to the Industry Urban-Development Agency on October ___, 2016, by the following vote, to wit:

AYES: AGENCY BOARD MEMBERS:

NOES: AGENCY BOARD MEMBERS:

ABSENT: AGENCY BOARD MEMBERS:

ABSTAIN: AGENCY BOARD MEMBERS:

_____

Diane M. Schlichting, Assistant Secretary
Successor Agency to the Industry Urban-Development Agency

EXHIBIT "A"

FORM OF PURCHASE AGREEMENT

PURCHASE AGREEMENT

13530 NELSON AVENUE

"The Property"

SUCCESSOR AGENCY TO THE
INDUSTRY URBAN-DEVELOPMENT AGENCY,
a public body, corporate and politic
"Agency"

PRL GLASS SYSTEMS, INC.,
a California corporation
"Developer"

_____, 2016

TABLE OF CONTENTS

		Page
ARTICLE 1	DEFINITIONS	1
1.1	Definitions	1
ARTICLE 2	PURCHASE AND SALE OF THE PROPERTY	4
2.1	Purchase and Sale	4
2.2	Payment of Purchase Price	4
2.3	Escrow	4
2.4	Conditions to Close of Escrow	5
2.5	Condition of Title; Title Insurance	6
2.6	Escrow and Title Charges; Prorations	7
2.7	Condition of the Property	7
2.8	Environmental Condition of the Property	9
2.9	Escrow Holder	9
ARTICLE 3	DEVELOPMENT OF THE PROPERTY	11
3.1	Scope of Development	11
3.2	Cost of Construction	12
3.3	Construction Schedule	12
3.4	Rights of Access	12
3.5	Local, State and Federal Laws	12
3.6	Nondiscrimination During Construction	12
3.7	Certificate of Completion	12
ARTICLE 4	LIMITATIONS ON TRANSFERS AND SECURITY INTERESTS	13
4.1	Limitation As To Transfer of the Property and Assignment of Agreement	13
4.2	Security Financing; Right of Holders	14

TABLE OF CONTENTS (cont.)

		Page
ARTICLE 5	USE OF THE PROPERTY	15
5.1	Use	15
5.2	Maintenance of the Property	15
5.3	Obligation to Refrain from Discrimination	15
5.4	Form of Nondiscrimination and Nonsegregation Clauses	15
5.5	Restrictive Covenant	17
5.6	Effect and Duration of Covenants	17
5.7	Option to Purchase for Failure to Complete Construction	17
ARTICLE 6	EVENTS OF DEFAULT, REMEDIES AND TERMINATION	18
6.1	Developer Events of Defaults	18
6.2	Agency Events of Default	19
6.3	Remedies in the Event of Default	19
6.4	No Personal Liability	20
6.5	Legal Actions	21
6.6	Rights and Remedies are Cumulative	21
6.7	Inaction Not a Waiver of Default	19
ARTICLE 7	GENERAL PROVISIONS	19
7.1	Insurance	19
7.2	Indemnity	22
7.3	Notices	23
7.4	Construction	24
7.5	Developer's Warranties	24
7.6	Interpretation	24
7.7	Time of the Essence	24

TABLE OF CONTENTS (cont.)

		Page
7.8	Attorneys' Fees	24
7.9	Enforced Delay: Extension of Times of Performance	25
7.10	Approvals by the Agency and the Developer	25
7.11	Developer's Private Undertaking	25
7.12	Entire Agreement, Waivers and Amendments	25
7.13	Counterparts	26
7.14	Severability	26
7.15	Survival	26
7.16	Representations of Agency	26
7.17	Developer's Broker(s)	27
7.18	No Third Party Beneficiaries other than City	27

PURCHASE AGREEMENT
[13530 NELSON AVENUE]

THIS PURCHASE AGREEMENT [13530 NELSON AVENUE] (this "**Agreement**"), dated as of _____, 2016 (the "**Effective Date**") is entered into by and between the **SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY**, a public body corporate and politic (the "**Agency**"), and **PRL GLASS SYSTEMS, INC.**, a California corporation (the "**Developer**"). The Agency and the Developer are hereinafter sometimes individually referred to as a "**party**" and collectively referred to as the "**parties**".

RECITALS

This Agreement is entered into with reference to the following facts:

A. The Agency owns the fee interest in that certain real property located at 13530 Nelson Avenue, City of Industry, California, consisting of approximately 2.08 acres of vacant land, as more particularly described in Exhibit "A" attached hereto and incorporated herein by this reference (such real property is referred to herein as the "**Property**").

B. The Developer wishes to acquire fee title to the Property from the Agency to enable the Developer to construct the Improvements (as such term is defined in Section 1.1.20) on the Property (the "**Project**").

C. Development of the Property is intended to assist in the elimination of blight, provide jobs, and substantially improve the economic and physical conditions in the City (as such term is defined in Section 1.1.7), and is in the best interests of the Agency and City, and the health, safety and welfare of the residents and taxpayers of the City.

D. A material inducement to the Agency to enter into this Agreement is the agreement by the Developer to rehabilitate the Property within a mutually agreed period of time, and the Agency would be unwilling to enter into this Agreement in the absence of an enforceable commitment by the Developer to develop the Property within such period of time.

NOW, THEREFORE, in reliance upon the foregoing Recitals, in consideration of the mutual covenants in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE 1
DEFINITIONS

1.1 Definitions. The following terms as used in this Agreement shall have the meanings given unless expressly provided to the contrary:

1.1.1 Agency means the Successor Agency to the Industry Urban-Development Agency. The principal office of the Agency is located at 15625 East Stafford Street, Suite 100, City of Industry, California 91744.

1.1.2 Agreement means this Purchase Agreement.

1.1.3 Approved Exceptions is defined in Section 2.5.1.

1.1.4 Breach Notice is defined in Section 5.7.

1.1.5 Certificate of Completion means a certificate described in Section 3.7, to be provided by the Agency to the Developer upon satisfactory completion of construction of the Improvements.

1.1.6 Certificate of Occupancy means a final certificate of occupancy issued by the County for all of the Improvements.

1.1.7 City means the City of Industry, a municipal corporation, exercising governmental functions and powers, and organized and existing under the laws of the State of California. The principal office of the City is located at 15625 East Stafford Street, City of Industry, California 91744.

1.1.8 Close of Escrow and Closing are defined in Section 2.3.2.

1.1.9 Commencement Date is defined in Section 3.1.1.

1.1.10 Completion Date is defined in Section 3.1.1.

1.1.11 Default is defined in Section 6.2.

1.1.12 Deposit is defined in Section 2.2.1.

1.1.13 Developer means PRL Glass Systems, Inc., a California Corporation, and/or any successor single purpose business entity formed by the Developer. The principal office of the Developer for purposes of this Agreement is 13644 Nelson Avenue East, City of Industry, California 91746.

1.1.14 The Effective Date shall be the date of final approval of this Agreement by the Oversight Board to the Successor Agency to the Industry Urban-Development Agency.

1.1.15 Escrow is defined in Section 2.3.1.

1.1.16 Escrow Holder means First American Title Insurance Company. The principal office of the Escrow Holder for purposes of this Agreement is 18500 Von Karman Avenue, Suite 600, Irvine, California 92612, Attention: Patty Beverly, Escrow Officer, Telephone: (949) 885-2465, Fax: (877) 372-0260, Email: pbeverly@firstam.com.

1.1.17 Grant Deed is defined in Section 2.5.2.

1.1.18 Hazardous Materials means any chemical, material or substance now or hereafter defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," "extremely hazardous waste," "restricted hazardous waste," "toxic substances," "pollutant or contaminant," "imminently hazardous chemical substance or mixture," "hazardous air pollutant," "toxic pollutant," or words of similar import under any local, state or

federal law or under the regulations adopted or publications promulgated pursuant thereto applicable to the Property, including, without limitation: the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. § 9601, *et seq.* ("**CERCLA**"); the Hazardous Materials Transportation Act, as amended, 49 U.S.C. § 1801, *et seq.*; the Federal Water Pollution Control Act, as amended, 33 U.S.C. § 1251, *et seq.*; and the Resource Conservation and Recovery Act of 1976, 42 U.S.C. § 6901, *et seq.* The term "**Hazardous Materials**" shall also include any of the following: any and all toxic or hazardous substances, materials or wastes listed in the United States Department of Transportation Table (49 CFR 172.101) or by the Environmental Protection Agency as hazardous substances (40 CFR Part 302) and in any and all amendments thereto in effect as of the date of the close of any escrow; oil, petroleum, petroleum products (including, without limitation, crude oil or any fraction thereof), natural gas, natural gas liquids, liquefied natural gas or synthetic gas usable for fuel, not otherwise designated as a hazardous substance under CERCLA; any substance which is toxic, explosive, corrosive, reactive, flammable, infectious or radioactive (including any source, special nuclear or by-product material as defined at 42 U.S.C. § 2012, *et seq.*), carcinogenic, mutagenic, or otherwise hazardous and is or becomes regulated by any governmental authority; asbestos in any form; urea formaldehyde foam insulation; transformers or other equipment which contain dielectric fluid containing levels of polychlorinated biphenyl's; radon gas; or any other chemical, material or substance (i) which poses a hazard to the Property, to adjacent properties, or to persons on or about the Property, (ii) which causes the Property to be in violation of any of the aforementioned laws or regulations, or (iii) the presence of which on or in the Property requires investigation, reporting or remediation under any such laws or regulations.

1.1.19 Holder is defined in Section 4.2.2.

1.1.20 Improvements means the improvements described in Section 3.1.1.

1.1.21 Outside Date is defined in Section 2.3.2.

1.1.22 Oversight Board means the Oversight Board of the Successor Agency to the Industry Urban-Development Agency.

1.1.23 Plans and Specifications means the plans and specifications approved by the City for construction of the Improvements.

1.1.24 Project is defined in Recital B.

1.1.25 Property is defined in Recital A.

1.1.26 Purchase Price is defined in Section 2.1.

1.1.27 Released Parties is defined in Section 2.7.

1.1.28 Schedule of Performance means the schedule attached hereto as Exhibit "B" and incorporated herein by this reference.

1.1.29 Title Company is defined in Section 2.5.3.

1.1.30 Title Policy is defined in Section 2.5.3.

1.1.31 Title Report is defined in Section 2.5.1.

1.1.32 Transaction Costs means all costs incurred by either party in entering into this transaction and closing Escrow, including but not limited to escrow fees and costs, attorney's fees, staff time, appraisal costs, and costs of financial advisors and other consultants.

ARTICLE 2
PURCHASE AND SALE OF THE PROPERTY

2.1 Purchase and Sale. The Agency agrees to sell the Property to the Developer, and the Developer agrees to purchase the Property from the Agency, for the sum of Two Million Seven Hundred Eighteen Thousand One Hundred Forty-Four Dollars ($2,718,144.00) (the "**Purchase Price**"). In addition, Developer shall reimburse the Agency for the Agency's costs of obtaining an appraisal of the Property and the Agency's legal costs in connection with this Agreement and the disposition of the Property under this Agreement; the aggregate of such costs shall not exceed Fifteen Thousand Dollars ($15,000.00) (the "**Disposition Costs**"), and will be paid by Developer to Agency at the Closing through the Escrow (as hereinafter defined).

2.2 Payment of Purchase Price. The Purchase Price shall be payable by Developer as follows:

2.2.1 Deposit. The Agency acknowledges that Developer has submitted with its bid One Hundred Thousand Dollars ($100,000.00). Within ten (10) days following the expiration of the Due Diligence Period (as defined herein), Developer shall deposit with Escrow Holder the sum of One Hundred Seventy-One Thousand Eight Hundred Fourteen Dollars and Forty Cents ($171,814.40), in the form of certified or bank cashier's checks made payable to Escrow Holder or by confirmed wire transfer of funds (collectively, the "**Deposit**"), so that the total amount on deposit shall equal ten percent (10%) of the Purchase Price. The Deposit shall become non-refundable within thirty (30) days after the Opening of Escrow, if the Escrow terminates prior to the Close of Escrow through no fault of the Agency. Upon delivery to the Escrow Holder, the Deposit shall be invested by Escrow Holder in an interest bearing account acceptable to Developer and Agency with all interest accruing thereon to be credited to the account of Buyer and applied towards the Purchase Price upon the Close of Escrow. Except as otherwise provided herein, the Deposit shall be applicable in full towards the Purchase Price upon Closing.

2.2.2 Closing Funds. At least three (3) business days prior to the Close of Escrow, Developer shall deposit or cause to be deposited with Escrow Holder, by a certified or bank cashier's check made payable to Escrow Holder or by a confirmed federal wire transfer of funds, the balance of the Purchase Price, plus the Disposition Costs, plus an amount equal to all other costs, expense and pro-rations payable by Developer hereunder.

2.3 Escrow.

2.3.1 Opening of Escrow. Within five (5) business days after the Effective Date, the Developer and the Agency shall open an escrow (the "**Escrow**") with the Escrow

Holder for the transfer of the Property to the Developer. The parties shall deposit with the Escrow Holder a fully executed duplicate original of this Agreement, which shall serve as the escrow instructions (which may be supplemented in writing by mutual agreement of the parties) for the Escrow. The Escrow Holder is authorized to act under this Agreement, and to carry out its duties as the Escrow Holder hereunder.

2.3.2 Close of Escrow. "**Close of Escrow**" or "**Closing**" means the date Escrow Holder causes the Grant Deed (as hereinafter defined) to be recorded in the Official Records of the County of Los Angeles and delivers the Purchase Price and Disposition Costs (less any costs, expenses and pro-rations payable by the Agency) to the Agency. Possession of the Property shall be delivered to the Developer on the Close of Escrow. Close of Escrow shall occur within thirty (30) days after the end of the Due Diligence Period (the "**Outside Date**") or this Agreement shall automatically terminate; provided, however, the Outside Date may be extended upon written consent of the Developer and the Executive Director of the Agency, which consent may be given or withheld in the exercise of their sole discretion. If the Closing does not occur on or before the Outside Date due to a default by either party, then the defaulting party shall pay all Escrow cancellation fees (and if the defaulting party is the Developer, then the Agency shall be entitled to the Deposit under Section 6.3.1). If the Closing does not occur due to a termination by Developer under Section 7.16(c), then Developer shall pay all Escrow cancellation fees, and the Deposit shall be retained by the Agency, and all Disposition Costs to date shall be paid by Developer to Agency.

2.3.3 Delivery of Closing Documents.

(a) The Agency and Developer agree to deliver to Escrow Holder, at least two (2) days prior to the Close of Escrow, the following instruments and documents, the delivery of each of which shall be a condition precedent to the Close of Escrow:

(i) The Grant Deed, duly executed and acknowledged by the Agency, conveying a fee simple interest in the Property to Developer;

(ii) The Agency's affidavit as contemplated by California Revenue and Taxation Code Section 18662;

(iii) A Certification of Non-Foreign Status signed by Agency in accordance with Internal Revenue Code Section 1445; and

(iv) Such proof of the Agency's and Developer's authority and authorization to enter into this transaction as the Title Company may reasonably require in order to issue the Title Policy.

The Agency and the Developer further agree to execute such reasonable and customary additional documents, and such additional escrow instructions, as may be reasonably required to close the transaction which is the subject of this Agreement pursuant to the terms hereof.

2.4 Conditions to Close of Escrow. The obligations of the Agency and Developer to close the transaction which is the subject of this Agreement shall be subject to the satisfaction, or waiver in writing by the party benefited thereby, of each of the following conditions:

2.4.1 For the benefit of the Agency, the Developer shall have deposited the balance of the Purchase Price, together with such funds as are necessary to pay for costs, expenses and prorations payable by Developer hereunder (including the Agency's appraisal costs).

2.4.2 For the benefit of the Agency, all actions and deliveries to be undertaken or made by Developer on or prior to the Close of Escrow as set forth in the Schedule of Performance shall have occurred, as reasonably determined by the Agency.

2.4.3 For the benefit of the Developer, all actions and deliveries to be undertaken or made by the Agency on or prior to the Close of Escrow shall have occurred, as reasonably determined by the Developer.

2.4.4 For the benefit of the Agency, all Agency approvals required by the Schedule of Performance to be obtained prior to the Close of Escrow shall have been so obtained.

2.4.5 For the benefit of the Agency, the Developer shall have executed and delivered to Escrow Holder all documents and funds required to be delivered to Escrow Holder under the terms of this Agreement and the Developer shall otherwise have satisfactorily complied with its obligations hereunder.

2.4.6 For the benefit of the Developer, the Agency shall have executed and delivered to Escrow Holder all documents and funds required to be delivered to Escrow Holder under the terms of this Agreement and the Agency shall otherwise have satisfactorily complied with its obligations hereunder.

2.4.7 For the benefit of the Agency, the representations and warranties of the Developer contained in this Agreement shall be true and correct in all material respects as of the Close of Escrow.

2.4.8 For the benefit of the Developer, the representations and warranties of the Agency contained in this Agreement shall be true and correct in all material respects as of the Close of Escrow.

2.4.9 For the benefit of the Developer, Title Company shall be irrevocably committed to issuing in favor of the Developer the Title Policy, in form and substance, and with endorsements reasonably acceptable to the Developer, as provided in Section 2.5.3.

If all the foregoing conditions have not been met to the benefitted party's sole satisfaction or expressly waived in writing by the benefitted party on or before the respective dates set forth therein, or if no date is set forth therein on the Outside Date, then this Agreement shall, at the option of the benefitted party, become null and void, in which event, except as expressly set forth in this Agreement, neither party shall have any further rights, duties or obligations hereunder.

2.5 Condition of Title; Title Insurance.

2.5.1 Developer acknowledges receipt of a preliminary title report prepared by Escrow Holder for the Property ("**Title Report**"). Developer shall acquire the Property subject to all exceptions described in the Title Report, together with all non-delinquent real property taxes and assessments to be assessed against the Property ("**Approved Exceptions**"). At the Closing, Agency shall deliver title to the Property to Developer subject only to the Approved Exceptions.

2.5.2 At the Close of Escrow, the Developer shall receive title to the Property by grant deed substantially in the form attached hereto as Exhibit "C" and incorporated herein by this reference (the "**Grant Deed**").

2.5.3 At Closing, the Developer shall receive a CLTA Owner's Coverage Policy of Title Insurance (the "**Title Policy**"), issued by First American Title Insurance Company ("**Title Company**") in the amount of the Purchase Price, insuring title to the Property in the name of Developer, subject only to the Approved Exceptions and standard printed exclusions from coverage of a CLTA standard title policy. The Developer may obtain an extended coverage policy of title insurance at its own cost.

2.6 Escrow and Title Charges; Prorations.

2.6.1 The Agency shall pay all documentary transfer taxes and the coverage premiums on the standard CLTA Title Policy. Developer shall pay the costs of any title insurance premiums for any coverage over and above the standard policy coverage on the CLTA Title Policy to be paid by the Agency. In addition, the Developer and the Agency shall each pay one-half of any and all other usual and customary costs, expense and charges relating to the escrow and conveyance of title to the Property, including without limitation, recording fees, document preparation charges and escrow fees. Each party shall be responsible for its own Transaction Costs, with the exception of the Disposition Costs set forth in Section 2.1.

2.6.2 All non-delinquent and current installments of real estate and personal property taxes and any other governmental charges, regular assessments, or impositions against the Property on the basis of the current fiscal year or calendar year shall be prorated as of the Close of Escrow based on the actual current tax bill. If the Close of Escrow shall occur before the tax rate is fixed, the apportionment of taxes on the Close of Escrow shall be based on the tax rate for the next preceding year applied to the latest assessed valuation after the tax rate is fixed, which assessed valuation shall be based on the Property's assessed value prior to the Close of Escrow and the Agency and Developer shall, when the tax rate is fixed, make any necessary adjustment. All pro-rations shall be determined on the basis of a 365 day year. The provisions of this Section 2.6.2 shall survive the Close of Escrow and the recordation of the Grant Deed and shall not be deemed merged into the Grant Deed upon its recordation.

2.6.3 Any Escrow cancellation charges shall be allocated and paid as described in Section 2.3.2 above.

2.7 Condition of the Property. The Property shall be conveyed from the Agency to the Developer on an "AS IS" condition and basis with all faults and the Developer agrees that the Agency has no obligation to make modifications, replacements or improvements thereto.

However, Developer shall have no economic responsibility for any environmental issues that have occurred prior to closing. Except as expressly and specifically provided in this Agreement, the Developer and anyone claiming by, through or under the Developer hereby waives its right to recover from and fully and irrevocably releases the Agency, the City and the Oversight Board, and their respective officers, directors, employees, representatives, agents, advisors, servants, attorneys, successors and assigns, and all persons, firms, corporations and organizations acting on the Agency's, City's or Oversight Board's behalf (collectively, the "**Released Parties**") from any and all claims, responsibility and/or liability that the Developer may now have or hereafter acquire against any of the Released Parties for any costs, loss, liability, damage, expenses, demand, action or cause of action arising from or related to the matters pertaining to the Property described in this Section 2.7. This release includes claims of which the Developer is presently unaware or which the Developer does not presently suspect to exist which, if known by the Developer, would materially affect the Developer's release of the Released Parties. If the Property is not in a condition suitable for the intended use or uses, then it is the sole responsibility and obligation of the Developer to take such action as may be necessary to place the Property in a condition suitable for development of the Project thereon. Except as otherwise expressly and specifically provided in this Agreement and without limiting the generality of the foregoing, THE AGENCY MAKES NO REPRESENTATION OR WARRANTY AS TO (i) THE VALUE OF THE PROPERTY; (ii) THE INCOME TO BE DERIVED FROM THE PROPERTY; (iii) THE HABITABILITY, MARKETABILITY, PROFITABILITY, MERCHANTABILITY OR FITNESS FOR PARTICULAR USE OF THE PROPERTY; (iv) THE MANNER, QUALITY, STATE OF REPAIR OR CONDITION OF THE PROPERTY; (v) THE COMPLIANCE OF OR BY THE PROPERTY OR ITS OPERATION WITH ANY LAWS, RULES, ORDINANCES OR REGULATIONS OF ANY APPLICABLE GOVERNMENTAL AUTHORITY OR BODY; (vi) COMPLIANCE WITH ANY ENVIRONMENTAL PROTECTION OR POLLUTION LAWS, RULES, REGULATIONS, ORDERS OR REQUIREMENTS EXCEPT AS SET FORTH IN SECTION 2.7; (vii) THE PRESENCE OR ABSENCE OF HAZARDOUS MATERIALS AT, ON, UNDER OR ADJACENT TO THE PROPERTY EXCEPT AS SET FORTH IN SECTION 2.7; (viii) THE FACT THAT ALL OR A PORTION OF THE PROPERTY MAY BE LOCATED ON OR NEAR AN EARTHQUAKE FAULT LINE; AND (ix) WITH RESPECT TO ANY OTHER MATTER, THE DEVELOPER FURTHER ACKNOWLEDGES AND AGREES THAT HAVING BEEN GIVEN THE OPPORTUNITY TO INSPECT THE PROPERTY AND REVIEW INFORMATION AND DOCUMENTATION AFFECTING THE PROPERTY, THE DEVELOPER IS RELYING SOLELY ON ITS OWN INVESTIGATION OF THE PROPERTY AND REVIEW OF SUCH INFORMATION AND DOCUMENTATION AND NOT ON ANY INFORMATION PROVIDED OR TO BE PROVIDED BY THE AGENCY.

THE DEVELOPER HEREBY ACKNOWLEDGES THAT IT HAS READ AND IS FAMILIAR WITH THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1542, WHICH IS SET FORTH BELOW:

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

BY INITIALING BELOW, DEVELOPER HEREBY WAIVES THE PROVISIONS OF SECTION 1542 SOLELY IN CONNECTION WITH THE MATTERS WHICH ARE THE SUBJECT OF THE FOREGOING WAIVERS AND RELEASES.

Developer's Initials

The waivers and releases by the Developer herein contained shall survive the Close of Escrow and the recordation of the Grant Deed and shall not be deemed merged into the Grant Deed upon its recordation.

2.8 Environmental Condition of the Property

California Health & Safety Code section 25359.7 requires owners of non-residential real property who know, or have reasonable cause to believe, that any release of Hazardous Substances has come to be located on or beneath the real property to provide written notice of same to the Developer of real property. The Agency hereby discloses the information contained in the list of environmental reports, attached hereto as Exhibit "F" and incorporated herein by reference.

From 1957 through the 1980s the Property was occupied by SealCo, a manufacturer of air brakes. The site was leased to Decatrend Paint from 1991 through 1996 for the storage of closed paint containers. From 1997 through 2007, the Property was occupied by TNR Motorsports, who specialized in automotive conversions and customizations. The Industry Urban-Development Agency (the "IUDA") acquired the Property in or about 2008.

SealCo installed three underground storage tanks, a sump, and a clarifier. The underground storage tanks were removed in 1986 and heavy petroleum hydrocarbon contaminated soil was excavated and bioremediated on-site. The bioremediation was approved by the Los Angeles County Department of Public Works (the "LACDPW") which issued a Closure Certificate in June 2005 noting that no further action is required.

The sump and clarifier were abandoned sometime prior to 1997 and filled with concrete. Low levels of volatile organic compounds ("VOCs"), like tetrachloroethylene ("PCE") and trichloroethene ("TCE"), were detected around the sump, but investigations by the Regional Water Quality Control Board (the "RWQCB") in 1997 and the LACDPW in 2004 were unable to detect concentrations of PCE or TCE around the clarifier. The RWQCB determined that low levels of contamination near the sump were not impacting groundwater, and it issued a no further action letter in March 1998. Based on these results, the LACDPW issued a Closure Certificate for the clarifier in June 2005.

TNR Motorsports installed a new clarifier in 1997 that accepted wastewater from automobile wash down and wet sanding areas. In 2007, Ardent Environmental Group, Inc. tested the area around the clarifier for VOCs, but found no detectable concentrations of VOCs. The clarifier was removed in August 2010.

The building on the Property was demolished by the IUDA in August 2010. Prior to demolition, the IUDA engaged in the abatement and removal of asbestos-containing materials ("ACM"), the removal and/or stabilization of lead-based paint ("LBP") and lead-bearing substances ("LBS"), and the removal of universal waste materials ("UW"). The abatement and removal of ACM, LBP, LBS, and UW were overseen by Winzler & Kelly, Inc., which issued a Hazardous Building Materials Abatement Closeout Report in September 23, 2010, concluding that abatement and removal were completed in accordance with regulatory requirements.

The Parties acknowledge that the Agency will not be conducting a public records search of any regulatory agency files regarding the environmental condition of the Property. By execution of this Agreement, Developer (i) acknowledges its receipt of the foregoing notice given pursuant to California Health & Safety Code section 25359.7; (ii) acknowledges that it is taking the Property as-is, subject to all information contained in Exhibit "F"; and (iii) waives any and all rights Developer may have to assert that the Agency has not complied with the requirements of Health & Safety Code section 25359.7.

2.9 Escrow Holder.

2.9.1 Escrow Holder is authorized and instructed to:

(a) Pay and charge the Developer for any fees, charges and costs payable by the Developer under this Article. Before such payments are made, the Escrow Holder shall notify the Agency and the Developer of the fees, charges, and costs necessary to close the Escrow;

(b) Pay and charge the Agency for any fees, charges and costs payable by the Agency under this Article. Before such payments are made, the Escrow Holder shall notify the Agency and the Developer of the fees, charges, and costs necessary to close the Escrow;

(c) Disburse funds and deliver the Grant Deed and other documents to the parties entitled thereto when the conditions of the Escrow and this Agreement have been fulfilled by the Agency and the Developer; and

(d) Record the Grant Deed and any other instruments delivered through the Escrow, if necessary or proper, to vest title in the Developer in accordance with the terms and provisions of this Agreement.

2.9.2 Any amendment of these escrow instructions shall be in writing and signed by both the Agency and the Developer.

2.9.3 All communications from the Escrow Holder to the Agency or the Developer shall be directed to the addresses and in the manner established in Section 7.3 of this Agreement for notices, demands and communications between the Agency and the Developer.

2.9.4 The responsibility of the Escrow Holder under this Agreement is limited to performance of the obligations imposed upon it under this Article, any amendments hereto,

and any supplemental escrow instructions delivered to the Escrow Holder that do not materially amend or modify the express provisions of these escrow instructions.

ARTICLE 3
DEVELOPMENT OF THE PROPERTY

3.1 Scope of Development.

3.1.1 The "**Improvements**" to be completed by Developer shall be those described in Exhibit "D" attached hereto and incorporated herein by this reference. The Developer shall submit development plans for the Improvements within 12 months of the Close of Escrow ("**Commencement Date**"). Subject to force majeure delays as provided in Section 7.9 below, the Project shall be completed no later than 24 months after the Close of Escrow ("**Completion Date**"). To the extent of any inconsistency between the Schedule of Performance and this Section 3.1.1, this Section 3.1.1 shall control.

3.1.2 The Developer shall submit all appropriate Plans and Specifications pertaining to the Improvements to the City, and shall construct the Improvements, and all associated public infrastructure improvements required by the City, pursuant to the City's conditions of approval, if any, and all parking areas and landscaping, in accordance with and within the limitations established therefore in this Agreement and as required by the City. The Developer shall also comply with any and all applicable federal, state and local laws, rules and regulations, and any applicable mitigation measures adopted pursuant to the California Environmental Quality Act. The Agency shall cooperate in all reasonable respects, at no out-of-pocket cost to the Agency, with the Developer's pursuit and acquisition of permits and approvals for the Project from all applicable governmental and quasi-governmental agencies and public utilities.

3.1.3 Delivery of "**Development Documents**"

(a) The Developer agrees to deliver the following documents to Agency within thirty (30) days after expiration of the Due Diligence Period:

(i) Copies of the organizational documents of the single purpose business entity owned by or on behalf of the existing equity owners of Developer that may be assigned the Developer's interest in this Agreement;

(ii) Reasonable evidence (such as financial statements, bank account statements, or letters of intent from thirty party construction lenders) describing the equity capital and anticipated loan(s) that Developer will require in order to acquire the Property and thereafter finance the construction of improvements on the Property;

(iii) A preliminary budget for construction of improvements;

(iv) An estimate of the jobs anticipated to be created by the Developer after the completion of the Project;

(v) A narrative description of the Project, with a site plan stating the approximate square footage of any building to be constructed on the Property;

(vi) Developer's reasonable estimate of the potential assessed value of the Project upon completion, with a brief explanation as to how it was calculated; and

(vii) Developer's reasonable estimate of the projected annual sales tax revenue to be generated by business operations located within the completed Project, with a brief explanation as to how revenues were calculated.

3.2 Cost of Construction. The cost of constructing all Improvements and all public infrastructure improvements relating to the Project or required by the City or Agency in connection with the Project, if any, shall be borne by the Developer.

3.3 Construction Schedule. Subject to force majeure delays as provided in Section 7.9, the Developer shall begin and complete all construction within the times specified in the Schedule of Performance.

3.4 Rights of Access. In addition to those rights of access to and across the Property to which the Agency and the City may be entitled by law, members of the staffs of the Agency and the City shall have a reasonable right of access to the Property, without charge or fee, at any reasonable time, Monday through Friday during the Developer's regular business hours, to inspect the work being performed at the Property.

3.5 Local, State and Federal Laws. The Developer shall carry out the construction of the Improvements in conformity with all applicable laws, including all applicable federal, state and local prevailing wage laws, occupation, safety and health laws, rules, regulations and standards.

3.6 Nondiscrimination During Construction. The Developer, for itself and its successors and assigns, agrees that it shall not discriminate against any employee or applicant for employment because of age, sex, marital status, race, handicap, color, religion, creed, ancestry, or national origin in the construction of the Improvements.

3.7 Certificate of Completion.

3.7.1 After the Developer (i) completes construction of all of the Improvements, (ii) obtains a Certificate of Occupancy, and (iii) causes a notice of completion (as described in California Civil Code Section 8182) with respect to the Improvements to be recorded in the Official Records of Los Angeles County, California, the Agency shall, following written request by the Developer, furnish the Developer with a Certificate of Completion for the Improvements within ten (10) business days of such request. The Certificate of Completion shall be in the form attached hereto as Exhibit "E" and incorporated herein by this reference. The Agency shall not unreasonably withhold, condition or delay the issuance of the Certificate of Completion. The Certificate of Completion shall be, and shall so state that it is, a conclusive determination of satisfactory completion by the Developer of all of its construction obligations under this Agreement as to the Improvements.

3.7.2 If the Agency refuses or fails within ten (10) business days after receipt of a written request from the Developer to issue a Certificate of Completion, the Agency shall provide the Developer with a written statement of the reasons the Agency refused or failed to furnish a Certificate of Completion. The statement shall also specify the actions the Developer must take to obtain a Certificate of Completion for the Improvements. If the reason for such refusal is confined to the immediate availability of specific items or material for landscaping or any other non-structural matters, and the costs of completion does not exceed Two Hundred Fifty Thousand Dollars ($250,000.00), the Agency shall issue its Certificate of Completion upon the Developer's depositing with the Agency cash or an irrevocable standby letter of credit issued by a bank or other financial institution acceptable to the Agency in an amount equal to the fair value of the work not yet completed as determined by the Agency. The determination of fair value shall be made by the Agency in the exercise of its reasonable judgment.

3.7.3 The Certificate of Completion shall not constitute evidence of compliance with or satisfaction of any obligation of the Developer to any holder of a mortgage, trust deed or other security instrument. Such Certificate of Completion shall not be construed as a notice of completion as described in California Civil Code Section 8182.

ARTICLE 4
LIMITATIONS ON TRANSFERS AND SECURITY INTERESTS

4.1 Limitation As To Transfer of the Property and Assignment of Agreement. Prior to the Agency's issuance of the Certificate of Completion, the Developer shall not transfer its rights and obligations, in whole or in part, under this Agreement, or sell, assign, transfer, encumber, pledge or lease the Property, nor cause or suffer a change of more than 49% of the Ownership interests in Developer, directly or indirectly, in one or a series of transactions, without the Agency's prior written consent, which consent shall not be unreasonably withheld or delayed. The Developer acknowledges that the identity of the Developer is of particular concern to the Agency, and it is because of the Developer's identity that the Agency has entered into this Agreement with the Developer. The Agency acknowledges that Developer intends to form a single purpose business entity owned by or on behalf of the existing equity owners of Developer and that an assignment by Developer of this Agreement shall not require the approval of the Agency other than an evidence of an acknowledgment of such entity that it will assume and fully perform the obligations of Developer hereunder. No voluntary or involuntary successor in interest of the Developer shall acquire any rights or powers under this Agreement in violation of the terms hereof. Notwithstanding any provision contained herein to the contrary, this prohibition shall not be deemed to prevent the granting of easements or permits to facilitate the development of the Project, or any mortgage or deed of trust permitted by this Agreement. Upon the Agency's issuance of a Certificate of Completion, the Developer may transfer the Property to a transferee without restriction so long as the transferee agrees to all of the applicable covenants and conditions set forth in Article 5 of this Agreement.

Upon providing ten (10) days prior written notice to Developer, the Agency may assign its rights and obligations, in whole or in part, under this Agreement to the City without the prior consent of the Developer. Provided however that as a condition of the assignment, the City must agree to assume and honor all of the duties and obligations of Agency under this Agreement.

4.2 Security Financing; Right of Holders.

4.2.1 No Encumbrances Except Mortgages, Deeds of Trust, Conveyances or Other Conveyance for Financing For Development.

(a) Notwithstanding Section 4.1 or any other provision herein to the contrary, only mortgages, deeds of trust, sales and leasebacks, or any other form of encumbrance, conveyance, security interest or assignment required for any reasonable method of construction and permanent financing are permitted prior to the issuance of a Certificate of Completion for the Property, but only for the purpose of securing loans of funds to be used for the purchase of the Property or financing the direct and indirect costs of the development of the Project (including reasonable and customary Developer fees, loan fees and costs, and other normal and customary project costs), and each such loan secured by the Property shall expressly allow for its prepayment or assumption (upon payment of a market standard prepayment or assumption fee) by and at the option of the City upon the exercise of its option to purchase provided in Section 5.7.

(b) The words "mortgage" and "deed of trust" as used herein include all other appropriate modes of financing commonly used in real estate acquisition, construction and land development. Any reference herein to the "holder" of a mortgage or deed of trust shall be deemed also to refer to a lessor under a sale and leaseback.

4.2.2 Notice of Default to Mortgage, Deed of Trust or Other Security Interest Holders; Right to Cure. Whenever the Agency shall deliver a notice or demand to the Developer with respect to any Default by the Developer in completion of development of the Project or otherwise, the Agency shall at the same time deliver a copy of such notice or demand to each holder of record of any first mortgage, deed of trust or other security interest authorized by this Agreement who has previously made a written request to the Agency for special notice hereunder (a "**Holder**"). No notice of Default to the Developer shall be effective against any such Holder unless given to such Holder as aforesaid. Such Holder shall (insofar as the rights of the Agency are concerned) have the right, at such Holder's option, within sixty (60) days after receipt of the notice, to cure or remedy any such Default and to add the cost thereof to the security interest debt and the lien of its security interest; provided, however, that if longer than sixty (60) days is required to cure such Default, such longer period shall be granted to Holder, provided that Holder diligently pursues such cure during such longer period. If such Default shall be a default which can only be remedied or cured by such Holder upon obtaining possession of the Property, such Holder shall seek to obtain possession of the Property with diligence and continuity through a receiver or otherwise, and shall remedy or cure such Default within a reasonable period of time as necessary to remedy or cure such Default of the Developer. If such Default shall be a default as to or by Developer which cannot be cured, Agency shall not seek to enforce the same against Holder and Holder shall not be subject thereto.

4.2.3 Noninterference with Holders. The provisions of this Agreement do not limit the right of Holders to foreclose or otherwise enforce any mortgage, deed of trust, or other security instrument encumbering the Property and the improvements thereon, or the right of Holders to pursue any remedies for the enforcement of any pledge or lien encumbering the Property; provided, however, that in the event of a foreclosure sale under any such mortgage,

deed of trust or other lien or encumbrance, or sale pursuant to any power of sale contained in any such mortgage or deed of trust, the purchaser or purchasers and their successors and assigns, and the Property, shall be, and shall continue to be, subject to all of the conditions, restrictions and covenants of this Agreement and all documents and instruments recorded pursuant hereto.

ARTICLE 5
USE OF THE PROPERTY

5.1 Use. The Developer covenants and agrees for itself, and its successors and its assigns, that the Developer, such successors, and such assignees shall use the Property, and every part thereof, only for the construction of the Improvements thereon, and thereafter for any use permitted by applicable laws. Notwithstanding the foregoing, if and when the Developer conveys the Property to a third party after completion of the Improvements thereon or assigns the Agreement in accordance with this Agreement, the Developer shall be relieved of any further responsibility under this Section 5.1 as to the Property so conveyed.

5.2 Maintenance of the Property. After completion of the Project, Developer shall maintain the Property and the Project (including landscaping) in a commercially reasonable condition and repair to the extent practicable and as may be required by state or local law and/or regulation. Notwithstanding the foregoing, if and when the Developer conveys the Property to a third party after completion of the Improvements thereon in accordance with the Agreement, the Developer shall be relieved of any further responsibility under this Section 5.2 as to the Property so conveyed.

5.3 Obligation to Refrain from Discrimination. The Developer covenants and agrees for itself, its successors and assigns, and for every successor in interest to the Property or any part thereof, that there shall be no discrimination against or segregation of any person, or group of persons, on account of sex, marital status, age, handicap, race, color, religion, creed, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property, and the Developer (itself or any person claiming under or through the Developer) shall not establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees of the Property or any portion thereof. Notwithstanding the foregoing, if and when the Developer conveys the Property to a third party after completion of the Improvements thereon in accordance with the Agreement, the Developer shall be relieved of any further responsibility under this Section 5.3 as to the Property so conveyed.

5.4 Form of Nondiscrimination and Non-segregation Clauses. Pursuant to California Health and Safety Code Section 33436, all deeds, leases or contracts for sale shall contain the following nondiscrimination or non-segregation clauses:

5.4.1 In deeds: "The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California

Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises herein conveyed, nor shall the Grantee himself or herself, or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sub-lessees or vendees in the premises herein conveyed. The foregoing covenants shall run with the land.

Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph."

5.4.2 In leases: "The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions: That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the leasing, subleasing, transferring, use or occupancy, tenure or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, sub-lessees, subtenants or vendees in the premises herein leased.

Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph."

5.4.3 In contracts: "The contracting party or parties hereby covenant by and for himself or herself and their respective successors and assigns, that there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises, nor shall the contracting party or parties, any subcontracting party or parties, or their respective assigns or transferees, establish or permit any such practice or practices of discrimination or segregation.

Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph."

5.5 Restrictive Covenant. In order to insure the Developer's compliance with the covenants set forth in Sections 5.1, 5.2, 5.3, and 5.4 hereof, such covenants shall be set forth in the Grant Deed. Such covenants shall run with the Property for the benefit of the Agency and the Agency shall have the right to assign all of its rights and benefits therein to the City.

5.6 Effect and Duration of Covenants. The following covenants shall be binding upon the Property and Developer and its successors and assigns and shall remain in effect for the following periods, and each of which shall be set forth with particularity in any document of transfer or conveyance by the Developer:

(1) The non-discrimination and non-segregation requirements set forth in Sections 5.1, 5.3 and 5.4 shall remain in effect in perpetuity;

(2) The maintenance requirements set forth in Section 5.2 shall remain in effect for the period described therein, and;

(3) Easements to the Agency, City or other public agencies for utilities existing as of the execution of this Agreement, which shall remain in effect according to their terms.

(4) The use requirement regarding using the Property only for the construction of the Improvements set forth in Section 5.1 shall remain in effect until the earlier of the completion of the Improvements, or one (1) year after Close of Escrow if the reason for the failure to complete the Improvements is not due to a default by Developer. The use requirement regarding using the Property for any lawful purpose shall remain in effect in perpetuity.

5.7 Option to Purchase for Failure to Complete Construction. If the Developer shall fail to commence construction of the Improvements on or prior to the Commencement Date or if the Developer shall fail to complete the construction of the Improvements on or prior to the Completion Date, both subject to force majeure delays as provided in Section 7.9 or any other potential delay otherwise allowed by the Agency upon the request of Developer, the Agency may give written notice (a "**Breach Notice**") of such breach to the Developer and, if applicable, to any Holder. The Developer shall have a period of thirty (30) days after the date of the Breach Notice to cure said breach, or if a cure is not possible within such thirty (30) day period, to commence such cure and diligently prosecute the same to completion, one hundred eighty (180) days from the date of the Breach Notice. In the event that the Developer shall fail to cure such breach within such period, the City shall have the right, at its option, to purchase and take possession of the Property with all improvements thereon. To exercise its option to purchase and take possession of the Property, the City shall pay to the Developer, in cash, an amount equal to:

1. the Purchase Price paid to Agency for the Property; plus

2. the amount, if any, of all of the costs incurred by Developer for on-site labor and materials for the construction of the Improvements, as well as any fees and/or commissions paid to architects, designers, consultant, other design professionals, lawyers, accountants and brokers, that are not otherwise payable or paid from the proceeds of any loan secured by any Holders' mortgage or deed of trust encumbering the Property or the Improvements, provided such costs are reasonably documented by reasonable evidence delivered to the Agency and City within thirty (30) days after the Purchase Notice (as hereinafter defined) and such sums are reflected in an overall Project budget approved in writing by the Agency prior to the commencement of construction on the Property; less

3. any and all undisbursed sums pursuant to any Holder's mortgage or deed of trust encumbering the Property or the Improvements and any prepayment premium and expenses related thereto.

The City's option to purchase and take possession of the Property pursuant to this Section 5.7 must be exercised by City, if at all, by giving sixty (60) days written notice to Developer ("**Purchase Notice**"). If timely notice is given by the City, then the City must purchase and take possession of the Property, and close escrow for the purchase, within six (6) months after the act or failure to act giving rise to such option. If the City fails to timely notice its option to purchase or fails to timely purchase, then the option of the City to purchase shall be terminated. Developer agrees to cooperate in good faith, and to promptly execute and record all documents necessary to effect the option to purchase described in this Section 5.7. City is a third party beneficiary of this Article 5.

ARTICLE 6
EVENTS OF DEFAULT, REMEDIES AND TERMINATION

6.1 Developer Events of Defaults. Occurrence of any or all of the following, if uncured after the expiration of any applicable cure period, shall constitute a default ("**Developer Event of Default**") under this Agreement:

6.1.1 The Developer's failure to commence construction of the Improvements or to complete construction of the Improvements as provided herein and the Developer's failure to cure such breach, as provided in Section 5.7, provided that such failure is not due to causes beyond the Developer's control as provided in Section 7.9; or,

6.1.2 The Developer's sale, lease, or other transfer, or the occurrence of any involuntary transfer, of the Property or any part thereof or interest therein in violation of this Agreement; or,

6.1.3 The Developer's neglect, failure or refusal to keep in force and effect any permit or approval with respect to development of the Project (and the Agency shall reasonably cooperate with the Developer as to the same), unless such failure is due to causes beyond the Developer's reasonable control as provided in Section 7.9, or any policy of insurance required hereunder, and, so long as such failure is not caused by any wrongful act of the Agency or the

City, the Developer's failure to cure such breach within thirty (30) days after receipt of written notice from the Agency of the Developer's breach; or,

6.1.4 Filing of a petition in bankruptcy by or against the Developer or appointment of a receiver or trustee of any property of the Developer, or an assignment by the Developer for the benefit of creditors, or adjudication that the Developer is insolvent by a court, and the failure of the Developer to cause such petition, appointment, or assignment to be removed or discharged within ninety (90) days; or,

6.1.5 The Developer's failure to perform any requirement or obligation of Developer set forth herein or in the Schedule of Performance, on or prior to the date for such performance set forth herein or in the Schedule of Performance (subject to delays pursuant to Section 7.9), and, so long as such failure is not caused by any wrongful act of the Agency or the City, the Developer's failure to cure such breach within thirty (30) days after receipt of written notice from the Agency of the Developer's breach; or,

6.1.6 The Developer's failure to deposit with Escrow Holder the Deposit or the balance of the Purchase Price as required by Section 2.2.

6.2 Agency Events of Default. Occurrence of any or all of the following, if uncured after the expiration of the applicable cure period, shall constitute a default ("**Agency Event of Default**", and together with the Developer Event of Default, a "**Default**") under this Agreement:

6.2.1 The Agency, in violation of the applicable provision of this Agreement, fails to convey the Property to Developer at the Close of Escrow; or

6.2.2 The Agency breaches any other material provision of this Agreement.

Upon the occurrence of any of the above-described events, the Developer shall first notify the Agency in writing of its purported breach or failure, giving the Agency thirty (30) days from receipt of such notice to cure such breach or failure (other than a failure by the Agency to convey the Property at the Close of Escrow, for which there shall be no cure period) or if a cure is not possible within the thirty (30) day period, to begin such cure and diligently prosecute the same to completion, which shall, in any event, not exceed one hundred eighty (180) days from the date of receipt of the notice to cure.

6.3 Remedies in the Event of Default.

6.3.1 Remedies General. In the event of a breach or a default under this Agreement by either Developer or Agency, prior to the Close of Escrow, the non-defaulting party shall have the right to terminate this Agreement by providing ten (10) days written notice thereof to the defaulting party. If such breach or default is not cured within such ten (10) day period (other than a failure by the Agency to convey the Property at the Close of Escrow, for which there shall be no cure period), this Agreement and the Escrow for the purchase and sale of the Property shall terminate. Except as herein otherwise expressly provided, such termination of the Escrow by a non-defaulting party shall be without prejudice to the non-defaulting party's rights and remedies against the defaulting party at law or equity.

In the event of a Default under this Agreement after the Close of Escrow, the non-defaulting party may seek against the defaulting party any available remedies at law or equity, including but not limited to the right to receive reimbursement for its documented out-of-pocket costs relating to this purchase transaction or to pursue an action for specific performance, but in no event shall such non-defaulting party be entitled to receive any consequential or special damages. In addition, the City shall have the option to purchase and take possession of the Property as set forth in Section 5.7.

IF THE DEVELOPER FAILS TO COMPLETE THE ACQUISITION OF THE PROPERTY AS HEREIN PROVIDED BY REASON OF ANY DEFAULT OF THE DEVELOPER, IT IS AGREED THAT THE DEPOSIT SHALL BE NON-REFUNDABLE AND THE AGENCY SHALL BE ENTITLED TO SUCH DEPOSIT, WHICH AMOUNT SHALL BE ACCEPTED BY THE AGENCY AS LIQUIDATED DAMAGES AND NOT AS A PENALTY AND AS THE AGENCY'S SOLE AND EXCLUSIVE REMEDY. IT IS AGREED THAT SAID AMOUNT CONSTITUTES A REASONABLE ESTIMATE OF THE DAMAGES TO THE AGENCY PURSUANT TO CALIFORNIA CIVIL CODE SECTION 1671 *ET SEQ*. THE AGENCY AND DEVELOPER AGREE THAT IT WOULD BE IMPRACTICAL OR IMPOSSIBLE TO PRESENTLY PREDICT WHAT MONETARY DAMAGES THE AGENCY WOULD SUFFER UPON THE DEVELOPER'S FAILURE TO COMPLETE ITS ACQUISITION OF THE PROPERTY. THE DEVELOPER DESIRES TO LIMIT THE MONETARY DAMAGES FOR WHICH IT MIGHT BE LIABLE HEREUNDER AND THE DEVELOPER AND AGENCY DESIRE TO AVOID THE COSTS AND DELAYS THEY WOULD INCUR IF A LAWSUIT WERE COMMENCED TO RECOVER DAMAGES OR OTHERWISE ENFORCE THE AGENCY'S RIGHTS. IF FURTHER INSTRUCTIONS ARE REQUIRED BY ESCROW HOLDER TO EFFECTUATE THE TERMS OF THIS PARAGRAPH, THE DEVELOPER AND AGENCY AGREE TO EXECUTE THE SAME. THE PARTIES ACKNOWLEDGE THIS PROVISION BY PLACING THEIR INITIALS BELOW:

_____	_____
Agency	Developer

6.3.2 Liberal Construction. The rights established in this Agreement are to be interpreted in light of the fact that the Agency will convey the Property to the Developer for development and operation of the Project thereon and not for speculation in undeveloped land or for construction of different improvements. The Developer acknowledges that it is of the essence of this Agreement that the Developer is obligated to complete all Improvements comprising the Project.

6.4 No Personal Liability. Except as specifically provided herein to the contrary, no representative, employee, attorney, agent or consultant of the Agency, City or Oversight Board shall personally be liable to the Developer, or any successor in interest of the Developer, in the event of any Default or breach by the Agency, or for any amount which may become due to the Developer, or any successor in interest, on any obligation under the terms of this Agreement.

6.5 Legal Actions.

6.5.1 Institution of Legal Actions. Any legal actions brought pursuant to this Agreement must be instituted in either the Superior Court of the County of Los Angeles, State of California, or in an appropriate municipal court in that County.

6.5.2 Applicable Law. The laws of the State of California shall govern the interpretation and enforcement of this Agreement.

6.5.3 Acceptance of Service of Process. If any legal action is commenced by the Developer against the Agency, service of process on the Agency shall be made by personal service upon the Executive Director or Secretary of the Agency, or in such other manner as may be provided by law. If any legal action is commenced by the Agency against the Developer, service of process on the Developer shall be made by personal service upon the Developer, or in such other manner as may be provided by law, whether made within or without the State of California.

6.6 Rights and Remedies are Cumulative. Except as otherwise expressly stated in this Agreement, the rights and remedies of the parties are cumulative, and the exercise by either party of one or more of such rights or remedies shall not preclude the exercise by it, at the same time or different times, of any other rights or remedies for the same Default or any other Default by the other party.

6.7 Inaction Not a Waiver of Default. Except as expressly provided in this Agreement to the contrary, any failure or delay by either party in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies, or deprive either such party of its rights to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

ARTICLE 7
GENERAL PROVISIONS

7.1 Insurance.

7.1.1 Prior to commencement of any demolition or construction work on the Property by the Developer, the Developer shall obtain, at the Developer's sole cost and expense, and shall maintain in force until completion of construction of the Improvements, with a reputable and financially responsible insurance company reasonably acceptable to the Agency, broad form commercial general public liability insurance, insuring the Developer and the Agency against claims and liability for bodily injury, death, or property damage arising from the use, occupancy, condition, or operation of the Property and the Improvements thereon, which insurance shall provide combined single limit protection of at least Two Million Dollars ($2,000,000.00), and include contractual liability endorsement. Such insurance shall name the City, the Agency and the Oversight Board and their respective council members, board members, officers, employees, consultants, independent contractors, and attorneys as additional insureds.

7.1.2 Prior to commencement of any demolition or construction work on the Property by the Developer, the Developer shall also obtain, or cause to be obtained, at the Developer's sole cost and expense, and shall maintain in force until completion of the construction of the Improvements, with a reputable and financially responsible insurance company reasonably acceptable to the Agency (i) "all risk" builder's risk insurance, including coverage for vandalism and malicious mischief, in a form and amount and with a reputable and financially responsible insurance company reasonably acceptable to the Agency, and (ii) workers' compensation insurance covering all persons employed in connection with work. The builder's risk insurance shall cover improvements in place and all material and equipment at the job site furnished under contract, but shall exclude contractors', subcontractors', and, construction managers' tools and equipment and property owned by contractors and any subcontractor's employees.

7.1.3 Prior to the commencement of any demolition or construction work on the Property by the Developer, the Developer shall also furnish or cause to be furnished to the Agency evidence satisfactory to the Agency that any contractor with whom it has contracted for the performance of work on the Property carries workers' compensation insurance as required by law.

7.1.4 With respect to each policy of insurance required above, the Developer shall furnish a certificate of insurance countersigned by an authorized agent of the insurance carrier on the insurance carrier's form setting forth the general provisions of the insurance coverage. The required certificate shall be furnished by the Developer prior to commencement of any demolition or construction work on the Property.

7.1.5 All such policies required by this Section shall be non-assessable and shall contain language to the effect that (i) the policies cannot be canceled or materially changed except after thirty (30) days' written notice by the insurer to the Agency, and (ii) the Agency shall not be liable for any premiums or assessments. All such insurance shall have deductibility limits reasonably satisfactory to the Agency. The provisions of this Section shall survive the Close of Escrow and the recordation of the Grant Deed and shall not be deemed merged into the Grant Deed upon its recordation.

7.2 Indemnity.

7.2.1 The Developer shall indemnify, defend, protect, and hold harmless the Agency, the City and the Oversight Board and any and all agents, employees, attorneys and representatives of the Agency, the City and the Oversight Board, from and against all losses, liabilities, claims, damages (including consequential damages), penalties, fines, forfeitures, costs and expenses (including all reasonable out-of-pocket litigation costs and reasonable attorney's fees) and demands of any nature whatsoever, related directly or indirectly to, or arising out of or in connection with:

(a) the Developer's use, ownership, management, occupancy, or possession of the Property;

(b) any breach or Default of the Developer hereunder;

(c) any of the Developer's activities on the Property (or the activities of the Developer's agents, employees, lessees, representatives, licensees, guests, invitees, contractors, subcontractors, or independent contractors on the Property), including without limitation, the construction of the Improvements on the Property;

(d) the presence or clean-up of Hazardous Substances on, in or under the Property to the extent the same was caused by Developer or Developer's affiliates, agents or employees; or,

(e) any other fact, circumstance or event related to the Developer's performance hereunder, or which may otherwise arise from the Developer's ownership, use, possession, improvement, operation or disposition of the Property, regardless of whether such damages, losses and liabilities shall accrue or are discovered before or after termination or expiration of this Agreement, or before or after the conveyance of the Property.

7.2.2 The indemnity obligations described in this Section 7.2 shall survive for a period of four (4) years from the earlier of (i) the termination of this Agreement, or (ii) the completion of the Improvements, and shall not be deemed merged into the Grant Deed upon the recordation.

7.3 Notices. All notices and demands shall be given in writing by certified mail, postage prepaid, and return receipt requested, by nationally recognized overnight courier or by personal delivery. Notices shall be considered given upon the earlier of (a) personal delivery, (b) three (3) business days following deposit in the United States mail, postage prepaid, certified or registered, return receipt requested, (c) the next business day after deposit with a nationally reorganized overnight courier, in each instance addressed to the recipient as set forth below. Notices shall be addressed as provided below for the respective party; provided that if any party gives notice in writing of a change of name or address, notices to such party shall thereafter be given as demanded in that notice:

Agency:	Paul Philips, Executive Director Successor Agency to the Industry Urban-Development Agency 15625 East Stafford Street, Suite 100 City of Industry, California 91744 Phone: (626) 333-2211 Email: paul@cityofindustry.org
with a copy to:	James M. Casso, City Attorney Casso & Sparks, LLP 13200 Crossroads Parkway North, Suite 345 City of Industry, California 91746 Phone: (626) 269-2980 Email: jcasso@cassosparks.com

Developer:	David Landeros, Chief Executive Officer PRL Glass Systems, Inc. 13644 Nelson Avenue East City of Industry, California 91746 Phone: (626) 961-5890 Email: davidl@prlglass.com
with a copy to:	David R. Altshuler, Esq., 865 Via de la Paz #300 Pacific Palisades, California 90272 Phone: (310) 454-9757 Email: dra@drataxlaw.com

7.4 Construction. The parties agree that each party and its counsel have reviewed and revised this Agreement and that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in the interpretation of this Agreement or any amendments or exhibits thereto.

7.5 Developer's Warranties. The Developer warrants and represents to the City and the Agency as follows:

7.5.1 The Developer has full power and authority to execute and enter into this Agreement and to consummate the transaction contemplated hereunder. This Agreement constitutes the valid and binding agreement of the Developer, enforceable in accordance with its terms subject to bankruptcy, insolvency of other creditors' rights laws of general application. Neither the execution nor delivery of this Agreement, nor the consummation of the transactions covered hereby, nor compliance with the terms and provisions hereof, shall conflict with, or result in a breach of, the terms, conditions or provisions of, or constitute a default under, any agreement or instrument to which the Developer is a party.

7.5.2 As of the Close of Escrow, the Developer will have inspected the Property and will be familiar with all aspects of the Property and its condition, and will accept such condition.

7.5.3 The Developer has not paid or given, and will not pay or give, to any third person, any money or other consideration for obtaining this Agreement, other than normal costs of conducting business and costs of professional services such as architects, engineers and attorneys.

7.6 Interpretation. In this Agreement the neuter gender includes the feminine and masculine, and singular number includes the plural, and the words "person" and "party" include corporation, partnership, firm, trust, or association where ever the context so requires.

7.7 Time of the Essence. Time is of the essence of this Agreement.

7.8 Attorneys' Fees. If any party brings an action to enforce the terms hereof or declare its rights hereunder, the prevailing party in any such action shall be entitled to its reasonable attorneys' fees to be paid by the losing party as fixed by the court. If the Agency, or

the Developer, without fault, is made a party to any litigation instituted by or against the other party, such other party shall defend it against and save it harmless from all costs and expenses including reasonable attorney's fees incurred in connection with such litigation.

7.9 Enforced Delay: Extension of Times of Performance. Notwithstanding anything to the contrary in this Agreement, unexcused failure to commence construction of the Improvements on or prior to the Commencement Date or to complete construction of the Improvements on or prior to the Completion Date shall constitute a Default hereunder as herein set forth; provided, however, nonperformance of such obligations or any other obligations to be performed hereunder shall be excused when performance is prevented or delayed by reason of any of the following forces reasonably beyond the control of the party responsible for such performance: (i) war, insurrection, riot, flood, severe weather, earthquake, fire, casualty, acts of public enemy, governmental restriction, litigation, acts or failures to act of any governmental or quasi-governmental agency or entity, including the Agency, or public utility, or any declarant under any applicable conditions, covenants, and restrictions affecting the Property, or (ii) inability to secure necessary labor, materials or tools, strikes, lockouts, delays of any contractor, subcontractor or supplier or (iii) other matters generally constituting a force majeure event in circumstances similar to those contemplated by this Agreement (but which shall not in any event include the availability of financing to construct the Improvements). In the event of an occurrence described in clauses (i), (ii) or (iii) above, such nonperformance shall be excused and the time of performance shall be extended by the number of days the matters described in clauses (i), (ii) or (iii) above materially prevent or delay performance.

7.10 Approvals by the Agency and the Developer. Unless otherwise specifically provided herein, wherever this Agreement requires the Agency or the Developer to approve any contract, document, plan, proposal, specification, drawing or other matter, such approval shall not unreasonably be withheld, conditioned or delayed.

7.11 Developer's Private Undertaking. The development covered by this Agreement is a private undertaking, and the Developer shall have full power over and exclusive control of the Property while the Developer holds title to the Property; subject only to the limitations and obligations of the Developer under this Agreement and the Redevelopment Plan.

7.12 Entire Agreement, Waivers and Amendments. This Agreement is executed in duplicate originals, each of which is deemed to be an original. This Agreement, together with all attachments and exhibits hereto, constitutes the entire understanding and agreement of the parties. This Agreement integrates all of the terms and conditions mentioned herein or incidental hereto, and supersedes all negotiations or previous agreements between the parties with respect to the subject matter hereof. No subsequent agreement, representation or promise made by either party hereto, or by or to any employee, officer, agent or representative of either party, shall be of any effect unless it is in writing and executed by the party to be bound thereby. No person is authorized to make, and by execution hereof the Developer and the Agency acknowledge that no person has made, any representation, warranty, guaranty or promise except as set forth herein; and no agreement, statement, representation or promise made by any such person which is not contained herein shall be valid or binding on the Developer or the Agency.

7.13 Counterparts. This Agreement may be executed simultaneously in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

7.14 Severability. Each and every provision of this Agreement is, and shall be construed to be, a separate and independent covenant and agreement. If any term or provision of this Agreement or the application thereof shall to any extent be held to be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to circumstances other than those to which it is invalid or unenforceable, shall not be affected hereby, and each term and provision of this Agreement shall be valid and shall be enforced to the extent permitted by law.

7.15 Survival. The provisions hereof shall not terminate but rather shall survive any conveyance hereunder and the delivery of all consideration.

7.16 Representations of Agency. The Agency warrants and represents to the Developer as follows:

(a) The Agency has full power and authority to execute and enter into this Agreement and to consummate the transactions contemplated hereunder. This Agreement constitutes the valid and binding agreement of the Agency, enforceable in accordance with its terms subject to bankruptcy, insolvency and other creditors' rights laws of general application. Neither the execution nor delivery of this Agreement, nor the consummation of the transactions covered hereby, nor compliance with the terms and provisions hereof, shall conflict with, or result in a breach of, the terms, conditions or provisions of, or constitute a default under, any agreement or instrument to which the Agency is a party.

(b) Five (5) days following the Opening of Escrow, the Agency will deliver to Developer complete copies of all studies, reports, agreements, documents, instruments, environmental assessments, surveys, soils reports, documents, plans, maps, permits and entitlements in Agency's possession (excluding only appraisals) concerning the Property and listed on Exhibit "F" attached hereto.

(c) Developer shall have sixty (60) calendar days after the Effective Date of this Agreement ("**Due Diligence Period**") to examine the materials in Section 7.16(b), perform inspections, investigations, and a survey, and approve or disapprove the title exceptions in the Title Report, all at Developer's sole cost and expense. If Developer terminates this Agreement, Developer shall provide copies of all non-privileged due diligence reports, surveys, studies, etc. prepared by or at the direction of Developer or Agency within five (5) business days after the termination and upon Agency's reimbursing Developer for the costs of such items.

(d) As of the Effective Date and the Close of Escrow, the Property is not presently the subject of any condemnation or similar proceeding, and to the Agency's knowledge, no such condemnation or similar proceeding is currently threatened or pending.

(e) As of the Close of Escrow, there are no management, service, supply or maintenance contracts affecting the Property which shall affect the Property on or following the Close of Escrow.

(f) The Agency has not authorized any broker or finder to act on its behalf in connection with the sale and purchase hereunder and the Agency has not dealt with any broker or finder purporting to act on behalf of the Agency or otherwise.

(g) As of the Close of Escrow, there are no leases or other occupancy agreements affecting the Property which shall affect the Property on or following the Close of Escrow.

(h) As of the Close of Escrow and to the actual knowledge of the Agency, the Agency has not received any written notice from any governmental entity regarding the violation of any law or governmental regulation with respect to the Property, except as may be set forth in Exhibit "E".

7.17 Developer's Broker(s). Agency has not engaged any broker, finder or sales person in connection with the closing of this transaction. Developer shall pay all commissions and fees that may be payable to Newmark Grubb Knight Frank engaged by Developer, and shall defend, indemnify and hold Agency and City harmless from and against any and all claims, liabilities, losses, damages, costs and expenses relating thereto.

7.18 No Third Party Beneficiaries other than City. City is a third party beneficiary of this Agreement, with the right to enforce the provisions hereof. This Agreement is made and entered into for the sole protection and benefit of the Parties and City and their successors and assigns. No other person shall have any right of action based upon any provision of this Agreement.

[SIGNATURES NEXT PAGE]

IN WITNESS WHEREOF, the parties hereto have entered into this agreement as of the day and year first above written.

AGENCY

SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY

By:_____
Mark D. Radecki, Chairman

ATTEST:

_____
Diane M. Schlichting, Assistant Secretary

APPROVED AS TO FORM:

_____
James M. Casso, Agency General Counsel

DEVELOPER

PRL GLASS SYSTEMS, INC.
a California corporation

By:_____
Name: David Landers
Title: Treasurer

LIST OF EXHIBITS

Exhibit "A" Legal Description of the Property

Exhibit "B" Schedule of Performance

Exhibit "C" Form of Grant Deed

Exhibit "D" Improvements

Exhibit "E" Form of Certificate of Completion

Exhibit "F" List of Environmental Documents

EXHIBIT "A"

LEGAL DESCRIPTION OF THE PROPERTY

THE LAND REFERRED TO HEREIN IS SITUATED IN THE STATE OF CALIFORNIA, COUNTY OF LOS ANGELES, DESCRIBED AS FOLLOWS:

PARCEL 1 OF PARCEL MAP NO. 240, IN THE CITY OF INDUSTRY, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 197 PAGE 80 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPTING THEREFROM THE PROPERTY DESCRIBED IN THAT CERTAIN GRANT DEED FROM THE INDUSTRY URBAN-DEVELOPMENT AGENCY TO PACIFIC EASTERN PROPERTIES, LLC RECORDED IN THE LOS ANGELES COUNTY RECORDER'S OFFICE ON SEPTEMBER 22, 2010 AS INSTRUMENT NO. 2010-1346496.

APN: 8562-016-901

EXHIBIT "B"

SCHEDULE OF PERFORMANCE

Activity	Time Frame
Initial Deposit	Concurrently with Letter of Intent
Opening of Escrow	Within 5 business days after the Effective Date
Due Diligence	Within 60 days after the Effective Date
Additional Deposit	Within 10 days following the expiration of the Due Diligence Period
Development Documents	Within 30 days following the expiration of the Due Diligence Period
Closing Funds	Within 3 business days prior to the Close of Escrow
Close of Escrow	Within 60 days after the end of the Due Diligence Period
Developer Submits Development Plans for Improvements	Within 12 months after the Close of Escrow
Developer Completes Construction of Improvements	Within 24 months after the Close of Escrow
Issuance of Certificate of Completion.	Promptly after Agency receives written request from Developer once all requirements of the Agreement have been satisfied

EXHIBIT "C"

FORM OF GRANT DEED

RECORDING REQUESTED BY:

FIRST AMERICAN TITLE INSURANCE COMPANY

AND WHEN RECORDED RETURN TO:

Successor Agency to the
Industry Urban-Development Agency
15625 East Stafford Street, Suite 100
City of Industry, California 91744
Attention: Diane Schlichting

GRANT DEED

Documentary Transfer Tax: $_____

THE UNDERSIGNED GRANTOR DECLARES:

FOR VALUABLE CONSIDERATION, the receipt of which is hereby acknowledged, the **SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY,** a public body corporate and politic (the "**Grantor**"), hereby grants to **PRL GLASS SYSTEMS, INC.,** a California corporation (the "**Grantee**"), that certain real property described in Exhibit A attached hereto (the "**Site**") and incorporated herein by this reference, together with all of Grantor's right title and interest in and to all easements, privileges and rights appurtenant to the Site.

This Grant Deed of the Site is subject to the provisions of a Purchase Agreement [13530 Nelson Avenue] (the "**Agreement**") entered into by and between the Grantor and Grantee dated as of _____, 2016, the terms of which are incorporated herein by reference. A copy of the Agreement is available for public inspection at the offices of the Grantor located at 15625 East Stafford Street, Suite 100, City of Industry, California 91744. The Site is conveyed further subject to all easements, rights of way, covenants, conditions, restrictions, reservations and all other matters of record, and the following conditions, covenants and agreements.

1. Subject to the provisions of Section 5.6 of the Agreement, the Site as described in Exhibit A is conveyed subject to the condition that the Grantee covenants and agrees for itself, and its successors and its assigns, that the Grantee, such successors, and such assignees shall use the Site, and every part thereof, only for the construction of certain improvements thereon as described in the Agreement and thereafter for any use allowed under applicable law. The Grantor shall have the right to assign all of its rights and benefits hereunder to the City of Industry, California ("**City**"). As provided in Section 5.7 of the Agreement, upon the violation or failure of the foregoing covenant, the City shall have the option to purchase and take

possession of the Site from the Grantee or its successors and assigns; provided, however, that the City's option to purchase and take possession of the Site shall not arise unless and until the Grantor gives the Grantee written notice thereof specifying the particular failure or violation in the manner and time period provided in Section 5.7 of the Agreement and, at the expiration of the cure period specified in Section 5.7 of the Agreement, the failure has not been remedied or the violation has not ceased.

2. The Site is conveyed subject to the condition that:

(a) The Grantee covenants and agrees for itself, its successors and assigns, and every successor in interest to the Site, that after completion of the Project (as defined in the Agreement), the Grantee and the Grantee's transferees, successors and assigns, shall maintain the Site and the Project (including landscaping) in a commercially reasonable condition and repair for a period of fifteen (15) years, and following construction of certain improvements thereon shall use the Site for any such uses as are allowed under applicable law.

(b) The Grantee covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises herein conveyed, nor shall the Grantee himself or herself, or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the premises herein conveyed.

Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph.

3. All deeds, leases or contracts entered into with respect to the Property shall contain or be subject to substantially the following nondiscrimination/non-segregation clauses:

(a) In deeds: "The Grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises herein conveyed, nor shall the Grantee himself or herself, or any person claiming

under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sub-lessees or vendees in the premises herein conveyed. The foregoing covenants shall run with the land.

Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph."

(b) In leases: "The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions: That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the leasing, subleasing, transferring, use or occupancy, tenure or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, sub-lessees, subtenants or vendees in the premises herein leased.

Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph."

(c) In contracts: "The contracting party or parties hereby covenant by and for himself or herself and their respective successors and assigns, that there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises, nor shall the contracting party or parties, any subcontracting party or parties, or their respective assigns or transferees, establish or permit any such practice or practices of discrimination or segregation.

Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in

said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph."

4. All covenants and agreements contained in this Grant Deed shall run with the land and shall be binding for the benefit of Grantor and its successors and assigns and such covenants shall run in favor of the Grantor and for the entire period during which the covenants shall be in force and effect as provided in the Agreement, without regard to whether the Grantor is or remains an owner of any land or interest therein to which such covenants relate. The Grantor, in the event of any breach of any such covenants, shall have the right to exercise all of the rights and remedies provided herein or otherwise available, and to maintain any actions at law or suits in equity or other property proceedings to enforce the curing of such breach. The covenants contained in this Grant Deed shall be for the benefit of and shall be enforceable only by the Grantor and its successors and assigns.

5. The covenants contained in Paragraphs 2 and 3 of this Grant Deed shall remain in effect in perpetuity except as otherwise expressly set forth therein.

6. This Grant Deed may be executed simultaneously in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

[Signatures appear on next page.]

IN WITNESS WHEREOF, Grantor and Grantee have caused this Grant Deed to be executed and notarized as of this ____ day of _____, 20__.

GRANTOR:

SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY

By:_____
Name:_____
Title:_____

ATTEST:

_____
Diane Schlichting, Assistant Secretary

GRANTEE:

PRL GLASS SYSTEMS, INC.,
a California corporation

By:_____
Name: David Landeros
Title: Treasurer

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 California)
County of Los Angeles)

On October 17, 2016, before me, Adriana Plaza Vasquez,
(insert name and title of the officer)
Notary Public, personally appeared David Landeros,
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)

ADRIANA PLAZA VASQUEZ
Commission # 2112577
Notary Public - California
Los Angeles County
My Comm. Expires May 21, 2019

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 California)
County of Los Angeles)

On October 17, 2014, before me, Adriana Plaza Vasquez,
(insert name and title of the officer)
Notary Public, personally appeared David Landeros,
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 Adriana Plaza Vasquez (Seal)

ADRIANA PLAZA VASQUEZ
Commission # 2112577
Notary Public - California
Los Angeles County
My Comm. Expires May 21, 2019

Exhibit A

LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN IS SITUATED IN THE STATE OF CALIFORNIA, COUNTY OF LOS ANGELES, DESCRIBED AS FOLLOWS:

PARCEL 1 OF PARCEL MAP NO. 240, IN THE CITY OF INDUSTRY, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 197 PAGE 80 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPTING THEREFROM THE PROPERTY DESCRIBED IN THAT CERTAIN GRANT DEED FROM THE INDUSTRY URBAN-DEVELOPMENT AGENCY TO PACIFIC EASTERN PROPERTIES, LLC RECORDED IN THE LOS ANGELES COUNTY RECORDER'S OFFICE ON SEPTEMBER 22, 2010 AS INSTRUMENT NO. 2010-1346496.

APN: 8562-016-901

EXHIBIT "D"

IMPROVEMENTS

INCLUDE A DESCRIPTION OF IMPROVEMENTS TO BE CONSTRUCTED

PRL Glass Systems, Inc. is a manufacturer of glass and mirrors with existing facilities in the City of Industry. The Property will be improved with an industrial concrete tilt up building. The building will be used for additional glass and mirror fabrication.

EXHIBIT "E"

FORM OF CERTIFICATE OF COMPLETION

RECORDING REQUESTED BY:

First American Title Insurance Company

AND WHEN RECORDED RETURN TO:

Successor Agency to the
Industry Urban-Development Agency
15625 East Stafford Street, Suite 100
City of Industry, California 91744
Attention: Diane Schlichting

[The undersigned declares that this Certificate of Completion is exempt from Recording Fees pursuant to California Government Code Section 27383]

CERTIFICATE OF COMPLETION

This Certificate of Completion is given this ____ day of _____, 20__, with reference to the following matters:

A. The **SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY**, a public body corporate and politic (the "**Agency**") and **PRL GLASS SYSTEMS, INC.,** a California corporation (the "**Developer**") entered into a certain Purchase Agreement [13530 Nelson Avenue] dated as of _____, 2016 (the "**Agreement**"), which Agreement provides, in Section 3.7 thereof, that the Agency shall furnish the Developer with a Certificate of Completion upon satisfactory completion of the Improvements (as described in the Agreement) on the real property described therein as the Property (the "**Site**"), which certificate shall be in such form as to permit it to be recorded in the Recorder's Office of Los Angeles County; and

B. The Certificate of Completion shall be conclusive determination of satisfactory completion of the construction of Improvements required with respect to the Site; and

C. The Agency has determined that the construction of the Improvements has been satisfactorily performed; and

NOW, THEREFORE, the parties to this instrument hereby provide as follows:

1. As provided in the Agreement, the Agency does hereby certify that the construction of the Improvements on the Site has been satisfactorily performed and completed.

2. This Certificate shall not constitute evidence of compliance with or satisfaction of any obligation of the Developer to any holder of a mortgage, or deed of trust or any insurer of a mortgage, or deed of trust securing money loaned to finance the improvements or any part

thereof, nor does it constitute evidence of payment of any promissory note or performance of any deed of trust provided by the Developer to the Agency under the Agreement or otherwise.

IN WITNESS WHEREOF, the Agency has executed this Certificate of Completion as of the day and year first above written.

SUCCESSOR AGENCY TO THE
INDUSTRY URBAN-DEVELOPMENT AGENCY

By: _____
Name: _____
Title: _____

ATTEST:

_____
Assistant Secretary

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 California)
County of Los Angeles)

On _____, before me, _____,
(insert name and title of the officer)

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)

EXHIBIT "F"

LIST OF ENVIRONMENTAL DOCUMENTS

Hazardous Building Materials Abatement Closeout Report dated September 23, 2010 and prepared by Ardent Environmental Group, Inc.

Clarifier Closure Report dated September 1, 2010 and prepared by Ardent Environmental Group, Inc.

Miscellaneous Hazardous Building Materials Survey dated February 15, 2010 and prepared by Ardent Environmental Group, Inc.

Hazardous Materials Removal Workplan Building Demolition dated February 15, 2010 and prepared by Ardent Environmental Group, Inc.

Due Diligence Phase I Environmental Site Assessment, Document Review, and Subsurface Investigation dated November 28, 2007 and prepared by Ardent Environmental Group, Inc.

Limited Asbestos Sampling Report dated August 21, 2007 and prepared by Environmental Assessors, Inc.

Industrial Waste Pretreatment Facility Closure Certification dated June 7, 2005 and prepared by County of Los Angeles

Phase II Environmental Site Assessment dated December 6, 2004 and prepared by Lindmark Engineering

Review of Limited Phase II Report dated August 11, 2003 and prepared by Lindmark Engineering

Exploratory Subsurface Environmental Investigation dated August 5, 2003 and prepared by Environmental Assessors, Inc.

Limited Phase II Environmental Site Assessment dated July 10, 2003 and prepared by Lindmark Engineering

Asbestos Survey dated June 3, 2003 and prepared by Environmental Assessors, Inc.

Phase I Environmental Site Assessment Update dated April 7, 2003 and prepared by Lindmark Engineering

Soil-Gas and Soil-Matrix Sampling Report dated January 14, 1998 and prepared by Lindmark Engineering

Soil-Gas Survey Report dated September 2, 1997 and prepared by Lindmark Engineering

Phase I Environmental Site Assessment dated January 8, 1997 and prepared by Lindmark Engineering

SUCCESSOR AGENCY

ITEM NO. 5.2

MEMORANDUM

To: Honorable Chairman and Members of the Successor Agency to the Industry Urban Development Agency Board

From: Paul J. Philips, Executive Director

Staff: Clement N. Calvillo, Agency Engineer, CNC Engineering CNC
Joshua Nelson, Deputy Agency Engineer, CNC Engineering JN
Gerry Perez, Project Manager, CNC Engineering GP

Date: October 27, 2016

SUBJECT: Consideration of Change Order No. 2 submitted by Marina Landscape Maintenance, Inc., and Appropriate $64,625.00 for an extension of work in conjunction with the Baker Parkway Slope Landscape Maintenance Project, Contract No. GCD-0382 through June 30, 2017

DISCUSSION:

On January 14, 2014, the Successor Agency to the Industry Urban-Development Agency ("Agency") awarded Marina Landscape Maintenance, Inc., the low bidder, the Baker Parkway Slope Landscape Maintenance Project.

The Scope of Work involves maintaining the existing landscaping, replacing plants as needed, maintaining existing irrigation lines, cleanout existing terrace drains, rodent control and weeding as required on approximately 30 acres of 2:1 slopes along the southerly property line of that portion of Grand Crossing Development located westerly of Grand Avenue, south of Baker Parkway.

As of October 18, 2016, the Agency Engineer has reviewed the following change order for completeness and accuracy as to the materials and labor included:

Change Order No. 2: This additional cost is for landscape maintenance of the slopes which were landscaped under Contract No. IBC-0379, Industry Business Center Phase I Mass Grading Far West Side by C.A. Rasmussen, Inc. Under IBC-0379, the landscape maintenance period ends January 15, 2017. C.A. Rasmussen was asked to submit a cost proposal to continue the landscape maintenance until June 30, 2017 in order to align with the end of the July 1, 2016-June 30, 2017 Recognized Obligation Payment Schedule (ROPS). Rasmussen submitted a monthly cost of $19,700.00 to continue the landscape maintenance period. It is significantly more than the monthly cost submitted by Marina Landscape Maintenance, Inc. for the Baker Parkway Slopes for roughly the same acreage

(35 acres) Therefore, Marina was asked to submit a cost proposal for this maintenance work. Marina's submitted a monthly cost of $11,750.00 for a total amount of $64,625.00. It is recommended that the monthly cost of $11,750.00 be approved under Marina's current contract. Payment has been approved in the ROPS 16-17 period under Line Item No. 276 for Marina Landscape Maintenance, Inc. The total cost for 5.5 months is $64,625.00.

The Agency will be releasing a bid for all landscape maintenance services of the Industry Business Center ("IBC") Winter 2017 which includes the Baker Parkway Slope area and the westerly slopes that will cover the ROPS 2017-2018 and ROPS 2018-2019 time period.

FISCAL IMPACT:

Approval of Change Order No. 2 will increase the landscape maintenance contract for the Baker Parkway Slope by a total of $64,625.00 at a cost of $11,750.00 per month. The effect of this change order will increase the contract total from $445,290 to $574.672.00. The fiscal year 2016-2017 adopted budget included funding for landscape maintenance services of the Baker Parkway Slope under Successor Agency – Expenditures – Project Improvement Costs (account no. 222-300-5200). An additional appropriation of $64,625.00 is required to cover the cost of Change Order No. 2.

Table 1 – Marina Landscape Maintenance, Inc., Services Summary

Contract	$ 445,290.00
Change Order No. 1	$ 64,757.00
Change Order No. 2	$ 64,625.00
Total	**$ 574,672.00**

RECOMMENDATION:

1.) Staff recommends that the Board approve Change Order No. 2 for landscape maintenance services of for the westerly slopes and
2.) Approve an appropriation of $64,625.00 to Successor Agency – Expenditures – Project Improvement Costs (account no. 222-300-5200) to cover the total cost of Change Order No. 2.

Exhibits
A. Marina Landscape Maintenance, Inc., Change Order No. 2

PJP/CC/JN/GP:kw

EXHIBIT A

Marina Landscape Maintenance, Inc., Change Order No. 2

[Attached]

SUCCESSOR AGENCY TO
THE INDUSTRY URBAN-DEVELOPMENT AGENCY

CHANGE ORDER

15625 E. Stafford St.
City of Industry, CA 91744
(626)333-2211

Change Order No. 2

Project Baker Parkway Slope Landscape Maintenance **Contract No.** GCD-0382 **Date** 10/27/2016

Type Project Landscape Maintenance **Contractor** Marina Landscape Maintenance, Inc.

Location City of Industry

Explanation:

Provide landscape maintenance to June 30, 2017 for the landscape areas installed under Contract No. IBC-0379

Industry Business Center- Far West Grading

Extra Work by: _____ Contract Items | X Negotiated | _____ T & M

The contractor is hereby directed to perform all labor and to provide all materials necessary to carry out the work described below:

ITEM NO.	ITEM	QUANTITY	UNIT PRICE	TOTALS ($) +	-
1	Landscape & Irrigation Maintenance	5.5 Months	$11,750.00	$64,625.00	
			TOTAL COST	**$64,625.00**	

T & M SUMMARY

*Labor Cost	+ 20%		Total Labor
*Equipment Cost	+ 15%		Total Equipment
*Material Cost	+ 15%		Total Materials
(*Attach breakdown of labor, equipment and materials)			Sub-Total
CHANGE ORDER SUMMARY		% of Contract Amount	Other Additive
Original Contract Amount	$445,290.00		Total T & M
Total Previous Change Orders	$64,757.00	14.54%	
Total Change Orders	$ 129,382.00	29.06%	**Pay This CHANGE ORDER** **$ 64,625.00** 14.51%

Authorized by_____ Additional Working Days 30

I hereby certify that the quantities shown and/or amounts shown for equipment, material and labor costs (if any) are correct to the best of my knowledge and the total cost shown above shall be considered final payment for the work specified by this change order. The total cost includes compensation for any delay in the preparation of this change order and the time to complete the specified work.

Contractor Representative — Date 10/18/16

Clement N. Calvillo - Agency Engineer — Date 10.18.16

Paul J.Philips - Executive Director — Date

Gerardo Perez, Project Manager — Date 10.18.16

C.O. # 2

MARINA Still Growing

landscape construction
landscape maintenance
landscape architecture
erosion control
design build

October 18, 2016

City of Industry
Attn: Agency Engineer
15625 E. Stafford St. Suite 100
City of Industry CA. 91744

RE: Baker Parkway Slope Project #GCD-0382

Marina Landscape Maintenance would love the opportunity to add the 35 acres of newly planted slope area located in the City of Industry to its current maintenance contract. Marina Landscape Maintenance price to maintain this area would be $11,750.00 per month which would add two more additional men 5 days per week.

Sincerely,

Darin Sherlock
Operations Manager
Marina Landscape Maintenance Inc

Gerry Perez

From: Doug Misley <dougmisley@carasmussen.com>
Sent: Friday, October 14, 2016 12:58 PM
To: Gerry Perez
Cc: Tom Charon
Subject: Maintenance Period Extension

Gerry,

CA Rasmussen, Inc. will extend the Maintenance Period at a monthly rate of $19,700 for 6 additional months per your request. Additive months beyond 6 can be discussed at that time.

Doug Misley