

COOPERATION AGREEMENT

This Cooperation Agreement is made and entered into as of this 9th day of February, 2011, by and between Coalition Organizations and Palmer.

RECITALS

A. Palmer has proposed to construct on Site A a six-story residential building with up to approximately 919 residential units and retail and commercial space and, on Site B, a 12-story building with up to 132 residential units, more particularly described in Attachment A, commonly known as the Lorenzo Project.

B. Palmer is in the process of seeking certain entitlements and approvals from the City, the Agency, and other applicable government agencies to permit the development of the Project on the Project Site.

C. The City Planning Department has recommended approval of certain Project Approvals, including certification of an EIR for development of the entire Project on the Project Site and approval of the Project Approvals for the portion of the Project located on Site A, subject to certain conditions.

D. Coalition Organizations have commented extensively on the EIR prepared for the Project and have stated concerns about the potential impacts of, and potential opposition to, the Project as described the EIR.

E. Palmer believes that the EIR is legally adequate and that the Project and Project Approvals will provide significant benefits to the City and the community. No housing or neighborhood businesses will be relocated as a result of the Project.

F. Coalition Organizations have advocated that the Project should include other community benefits for economic justice including, without limitation, health and wellness center uses, affordable housing, and living wages for workers.

G. The Parties have agreed that it is in their mutual interests to attempt to resolve Coalition Organizations' concerns through cooperation and settlement, rather than through litigation.

H. The Parties desire that this dispute be settled according to the terms set forth in this Agreement and that the Parties undertake the Community Benefits Program.

DEFINITIONS

As used in this Agreement, the following capitalized terms shall have the following meanings. All definitions include both the singular and plural form.

“Agency” shall mean the Community Redevelopment Agency of the City of Los Angeles.

“Agreement” shall mean this Cooperation Agreement, including the Community Benefits Program set forth as Attachment E and all other attachments and exhibits.

“City” shall mean the City of Los Angeles.

“Effective Date” shall mean February 9, 2011.

“EIR” shall mean the environmental impact report prepared by the City for the Project, including both the Draft and Final Environmental Impact Reports and the Supplemental CEQA Analysis of Reduced Density Proposal.

“Coalition Organization” shall mean any of the following entities, so long as the entity in question has executed this Agreement:

- Coalition for Responsible Community Development, a California [nonprofit] corporation;
- Community Development Technology Center, a California nonprofit corporation;
- Esperanza Community Housing Corporation (“Esperanza”), a California [nonprofit] corporation;
- Tenemos que Reclamar y Unidos Salvar La Tierra-South LA (“T.R.U.S.T. South LA”), a California nonprofit corporation;
- Natural Resources Defense Council, Inc., a New York nonprofit corporation;
- Playa Vista Job Opportunities and Business Services, a California non-profit corporation;
- Strategic Actions for a Just Economy (“SAJE”);
- St. Francis Center, a California non-profit corporation;
- St. John’s Well Child & Family Center, Inc., a California non-profit corporation;
- United University Church, a California [nonprofit] corporation; and

- and Vermont Village Community Development Corporation, a California [nonprofit] corporation.

“Coalition Organizations’ Representative” shall mean a person or Coalition Organization, or a Successor to a Coalition Organization, who is designated as the Coalition Organizations’ Representative by the majority of the Coalition Organizations (or their Successors) in writing sent to Palmer. As an initial matter, the Coalition Organizations’ Representative shall be Strategic Actions for a Just Economy, unless and until changed.

“Palmer” shall mean Palmer/Flower Street Properties, L.P., a California limited partnership.

“Palmer Releasees” shall mean Palmer and Palmer’s present and former partners, stockholders, investors, parent and subsidiary corporations, funders, affiliates, agents, representatives, predecessors- and successors-in-interest, assigns, transferees, associates, employees, insurers, attorneys, officers, board members, directors, representatives, agents, officials, underwriters, sureties, guarantors, members, owners, principals, related entities, lenders and contractors, collectively and individually.

“Party” shall mean each Coalition Organization and Palmer.

“Parties” shall mean collectively all Coalition Organizations and Palmer.

“Project” shall mean the development of the Project Site as described in Attachments A and C. Project shall also include any lesser level of development of the Project Site, if Palmer so desires.

“Project Approvals” shall mean any and all actions relating to the Project or to part of the Project, whether discretionary or ministerial, that, in order for the Project to be built and become fully operational, are required to be taken by any governmental agency, including without limitation the City (including all City departments, boards, commissions and agencies), the Agency, and any other federal, state, or local governmental department, agency, or entity. Such actions include, without limitation, all of those described in Attachment A.

“Project Site” shall mean Site A and Site B.

“Public Releasees” shall mean the City and the Agency, and their political subdivisions, boards, councils, agents, representatives, employees, attorneys, officers, officeholders, officials, underwriters, sureties, guarantors, lenders and contractors, individually and collectively.

“Released Claims” shall mean claims described in Section 3.b of this Agreement.

“Site A” shall mean the real property located at 2300 South Flower Street.

“Site B” shall mean the real property located at 2327 South Flower Street.

“Successor” shall mean, for Successors to a Coalition Organization, any successors in interest, transferees, or assigns with regard to the Coalition Organization’s rights to or interest in this Agreement. “Successor” shall mean, for Successors to Palmer, any successors in interest to, assigns of, transferees regarding, or purchasers of the Project, the Project Site, any portion of the Project or Project Site, or rights under Project Approvals.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants, promises and undertakings set forth herein, and other consideration, the receipt and adequacy of which the Parties hereby acknowledge, the Parties agree as follows.

1. Obligations of Palmer. Palmer covenants that it shall carry out its obligations under the Community Benefits Program set forth as Attachment E, and incorporated herein by reference. Obligations of Palmer specified in Attachment E shall terminate on December 31, 2023, unless, for a particular obligation in the Community Benefits Program, an earlier or later time is specified. Notwithstanding the above, the “Designated Health and Wellness Center Space” obligations set forth in Section III.B of Attachment E shall terminate twenty (20) years from the date that a non-profit medical services provider accepts possession of the space discussed therein.

2. Obligations of Coalition Organizations. Each Coalition Organization shall comply with the obligations set forth in this Section 2. The obligations of this Section with respect to any portion of the Project shall expire with the issuance of a Certificate of Occupancy for that portion of the Project.

a. The Coalition Organizations or counsel on their behalf shall, at or prior to the City Planning Commission hearing scheduled for February 10, 2011, formally inform the City that the Coalition Organizations withdraw their objections to the Project and the Project Approvals.

b. Each Coalition Organization shall refrain from expressing any opposition to development of the Project or to the Project Approvals, in any public forum, including comments to the media, and in any private conversations or meetings with elected or appointed governmental officials with any role in Project Approvals.

c. Each Coalition Organization shall refrain from judicially or administratively opposing, or providing active assistance to others in judicially or administratively opposing, residential development of Site B, provided such development

does not exceed twelve (12) stories in height and has no more than 132 residential units. Coalition Organizations understand that Palmer has not to date obtained public approvals necessary for such development on Site B.

d. **Joint Public Statement.** In collaboration with Palmer, the Coalition Organizations shall jointly issue a public statement, substantially in accordance with that attached as Attachment B to this Agreement, announcing Palmer's commitment to the Community Benefits Program and the Coalition Organizations' support for the Community Benefits Program. If contacted by the media, the Coalition Organizations shall make statements consistent with the joint public statement. The Coalition Organizations shall refrain from making public statements concerning the Project or the Project Approvals that are inconsistent with the joint public statement.

3. **Releases.**

a. **Coalition Releases.** Each Coalition Organization hereby waives, releases and forever discharges Palmer, the Palmer Releasees, and the Public Releasees from any and all Released Claims, in full and final settlement of such Released Claims. Nothing in this Agreement is intended to waive or release the claims of any third parties, nor to waive or release any defenses or counterclaims related thereto, even if such defenses or counterclaims are adverse to any Coalition Organizations. Each Coalition Organization represents and warrants that there has been no, and there will be no, assignment or other transfer of any interest in any Released Claim. Each Coalition Organization warrants that it has not filed any Released Claim.

b. **Definition of Released Claims.** "Released Claims" shall mean any and all claims, lawsuits, demands, challenges, liabilities, damages, fees, costs, causes of action, petitions, complaints, actions, demands for any writ of mandate or prohibition or other writs, or attempts to enforce any statutory, administrative or legal duty, whether in law or in equity, whether known or unknown, based upon, contesting, or challenging on any basis any Project Approval or development of the Project.

c. **Palmer Releasees.** In full and final settlement of the matters addressed below in this paragraph, Palmer and the Palmer Releasees hereby waive, release and forever discharge Coalition Organizations, and its officers, board members, attorneys, representatives, employees, agents, members, directors and each of them, from any and all claims, lawsuits, demands, challenges, liabilities, damages, fees, costs, or causes of action, whether known or unknown that Palmer has or may have against each Coalition Organization, arising from actions of any Coalition Organization in public or private advocacy or negotiation regarding the Project, Project Approvals, or land use or development actions and public policies in the neighborhoods surrounding the Project Site.

d. TO THE EXTENT APPLICABLE TO THE FORGOING RELEASES OF CLAIMS, THE PARTIES CERTIFY THAT THEY HAVE BEEN ADVISED BY THEIR LEGAL COUNSEL AND ARE FAMILIAR WITH THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1542, WHICH PROVIDES AS FOLLOWS:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT 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.”

THE PARTIES, BEING AWARE OF SAID CODE SECTION, HEREBY EXPRESSLY WAIVE ANY RIGHTS THEY MAY HAVE THEREUNDER, AS WELL AS UNDER ANY OTHER STATUTES OR COMMON LAW PRINCIPLES OF SIMILAR EFFECT.

4. Covenant Not to Bring Released Claims. Each Coalition Organization covenants that it will not file, prosecute, bring, or advance any suit, claim, or legal action of any kind based upon any Released Claim.

5. Covenant Not to Bring Administrative or Judicial Action. Each Coalition Organization covenants not to bring any administrative or judicial action based upon, contesting, or challenging on any basis any Project Approval or development of the Project.

6. Changes in Project Scope. Sections 2, 3.a, 4, and 5 shall not be effective if plans for the Project substantially deviate from the current plans described in Attachments A and C, except where (a) such substantial deviation is explicitly envisioned in this Agreement, (b) such substantial deviation is approved by the Coalition Organizations' Representative, or (c) such substantial deviation constitutes a reduction in the total amount of development allowed under the Project Approvals, whether on Site A or on Site B, it being understood that Palmer may elect to build less than the total amount of development allowed under the Project Approvals. The Parties understand and agree that as the final architectural documents and plan check documents are prepared and processed for Site A and/or Site B, and as the Site B Project Approvals are processed by the City, there will be modifications to the Project's plans, but such modifications shall be not deemed to substantially deviate from the current plans described in Attachments A and C so long as they are approved by the City and do not materially increase traffic or other environmental impacts of the Project, and do not exceed a 5% increase in number of residential units, square footage, daily trips generated, or building height. The Parties agree, as a material part of this Agreement, that Site A is limited to construction of a six-story residential building with up to 919 residential units and retail and commercial space (subject to the potential 5% increase noted above) and Site B is limited to a 12-story building with up to 132 residential units (subject to the potential 5% increase noted above), more particularly described in Attachment A.

7. Enforcement.

a. Meet and Confer. In the event any dispute arises between the Parties related to this Agreement or the Project, the Coalition Organizations' Representative and Palmer shall, before taking any other judicial or administrative action concerning that dispute, meet and confer in person in a good-faith effort to resolve the dispute. This obligation shall take place in a timeframe that is reasonable under all of the circumstances, and may be required to take place on very short notice if the dispute is deemed an especially time-urgent matter by any Party.

b. Nonbinding Mediation. In the event any such dispute is not resolved pursuant to the foregoing subparagraph, then at any Party's request, the Coalition Organizations' Representative and Palmer shall participate in non-binding mediation of any dispute related to this Agreement or the Project. This obligation shall take place in a timeframe that is reasonable under all of the circumstances, and may be required to take place on very short notice if the dispute is deemed an especially time-urgent matter by any Party.

c. Breach by Palmer. In the event that an alleged breach by Palmer is not resolved pursuant to the foregoing subparagraphs, then any of the Coalition Organizations may commence litigation to seek judicial enforcement of this Agreement or other applicable law (to the extent not waived in this Agreement). The Coalition Organization(s) may obtain any legal or equitable remedy determined appropriate by the court to effect the purposes of this Agreement and provide compensation in case of breach. Such remedies may include injunctive relief and specific performance of any obligation under this Agreement, it being the Parties' intent that all of the promises in this Agreement shall be carried out in full and it being the Parties' mutual understanding that money damages would be an inadequate remedy for certain breaches (or threatened breaches) of this Agreement. Notwithstanding anything to the contrary in this Agreement, in the event that the Coalition Organization(s) is the prevailing party in such litigation, it shall be entitled to an award of its reasonable attorneys' fees and costs. In the event Palmer is the prevailing party in such litigation, no attorneys' fees and costs shall be awarded, and each party shall pay its own fees and costs. The agreed remedies set forth herein shall not be construed to limit or derogate any legal or equitable remedy authorized by applicable law or a court's ability to determine facts, weigh evidence and exercise its own discretion with respect to enforcement of any term or condition of this Agreement.

d. Breach by Coalition Organizations. In the event that an alleged breach by any Coalition Organization is not resolved pursuant to the foregoing subparagraphs, then Palmer may commence litigation to seek judicial enforcement of this Agreement. In such action, the court may order any equitable or injunctive relief, or issue an order of specific performance, it being the Parties' intent that all of the promises in this Agreement shall be carried out in full and it being the Parties' mutual understanding that money damages would be an inadequate and inappropriate remedy for breaches (or threatened breaches) of this Agreement by any Coalition

Organization. Monetary damages shall not be available as a remedy in such action. This Agreement may be pleaded as a defense to, and may be used as the basis for an injunction against, prosecution of any Released Claim, and/or an injunction against any action challenging the Project or Project Approvals in violation of this Agreement. In the event that one or more Coalition Organizations is/are the prevailing party/parties in such litigation, any prevailing Coalition Organizations shall be entitled to an award of their reasonable attorneys' fees and costs. In the event Palmer is the prevailing party in such litigation, no attorneys' fees and costs shall be awarded, and each party shall pay its own fees and costs.

8. Responsibilities of Coalition Organizations. When this Agreement sets out a responsibility of "Coalition Organizations," then that responsibility is satisfied for all Coalition Organizations when any individual Coalition Organization satisfies that responsibility. When this Agreement sets out a responsibility of "each" or "all" Coalition Organizations, then each Coalition Organization must satisfy that responsibility. Obligations of a Coalition Organization shall be obligations only of the organization itself as distinct from its associated organizations, constituent organizations or any natural persons. For purposes of this Agreement, actions of a Coalition Organization include only those actions taken by staff members or members of the Board of Directors of a Coalition Organization when those persons are authorized to act on behalf of the organization.

9. Notices. All notices shall be in writing and shall be addressed to the affected Parties at the addresses set forth below. Notices shall be: (a) delivered by courier service to the addresses set forth below, in which case they shall be deemed delivered on the date of delivery, as evidenced by the written report of the courier service, (b) sent by certified mail, return receipt requested, in which case they shall be deemed delivered three (3) business days after deposit in the United States mail; or (c) transmitted by e-mail or by facsimile transmission (promptly followed by delivery under option (a) or (b) above), in which case they shall be deemed delivered the first business day after delivery has been electronically confirmed by the recipient. Any Party may change its noticing information by giving notice in compliance with this Agreement. Notice of such a change shall be effective only upon receipt. Notice given on behalf of a Party by any attorney purporting to represent a Party shall constitute notice by such Party. The addresses and facsimile machine numbers of the Parties are:

a. If to Palmer:

Mr. Greg Smith
G.H. Palmer
11740 San Vicente, Suite 208
Los Angeles, CA 90049-6610
Phone: (310) 207-3100
Fax: 310-207-2162

Email: greg@ghpalmer.com

with a copy to:

Mr. James L. Arnone
Latham & Watkins LLP
355 S. Grand Avenue
Los Angeles, CA 90071
Phone: (213) 891-8204
Fax: (213) 891-8763
Email: james.arnone@lw.com

b. If to Coalition Organizations:

Executive Director
Coalition for Responsible Community Development (CRCDD)
3101 South Grand Avenue
Los Angeles CA 90007
Fax: 213-743-6198

President and CEO
Community Development Technologies Center (CDTech)
520 West 23rd Street
Los Angeles CA 90007
Fax: 213-763-2729

Executive Director
Esperanza Community Housing Corporation
2337 South Figueroa Street
Los Angeles CA 90007
Fax: 213-748-9630

Southern California Environmental Justice Project Director
Natural Resources Defense Council
1314 Second Street
Santa Monica CA 90401
Fax: 310-434-2399

Executive Director
Playa Vista Job Opportunities and Business Services (PV Jobs)
4112 South Main Street
Los Angeles CA 90037
Fax: 323-432-3995

Executive Director
St. Francis Center
1835 South Hope Street
Los Angeles CA 90015
Fax: 213-765-8915

President and CEO
St. John's Well Child and Family Center
5701 South Hoover Street
Los Angeles CA 90037
Fax: 323-541-1661

Executive Director
Strategic Actions for a Just Economy (SAJE)
152 West 32nd Street
Los Angeles CA 90007
Fax: 213-745-9969

Executive Director
T.R.U.S.T. South LA
Tenemos que Reclamar y Unidos Salvar la Tierra-South LA
(formerly Figueroa Corridor Community Land Trust)
152 West 32nd Street
Los Angeles CA 90007
Fax: 213-748-4101

Pastor and Moderator of Council
United University Church
817 West 34th Street
Los Angeles CA 90089
Fax: 213-748-5531

Executive Director
Vermont Village Community Development Corporation, Inc.
7901 South Vermont Avenue
Los Angeles CA 90044
Fax: 323-751-2452

With a copy to:

Directing Attorney, Community Development Project
Public Counsel
610 South Ardmore Avenue
Los Angeles, CA 90005
Fax: 213-385-9089

Managing Attorney, South Los Angeles Office
Legal Aid Foundation of Los Angeles
7000 S. Broadway
Los Angeles, CA 90003
Fax: 213-640-3988

10. Quarterly and Annual Reports. Starting with the commencement of construction on Site A and continuing for one year after the first certificate of occupancy or temporary certificate of occupancy is received for any residential unit or retail space in the Project, Palmer shall give the Coalition Organizations' Representative quarterly reports regarding compliance with this Agreement. The first such quarterly report shall be due three (3) months after commencement of construction on Site A. Thereafter, Palmer shall give the Coalition Organizations' Representative annual reports regarding compliance with this Agreement. The first such annual report shall be due twelve (12) months after the last quarterly report. Such quarterly or annual reports shall contain sufficient information for the Coalition Organizations' Representative to be able to determine whether Palmer is in compliance with the obligations of this Agreement. Upon request of the Coalition Organizations' Representative, Palmer shall provide reasonable documentary support for the statements and conclusions in the quarterly or annual reports.

11. Legal Fees and Costs. Within ninety (90) days following the issuance of all discretionary Project Approvals necessary to obtain a building permit for any portion of the Project on Site A, Palmer shall pay \$200,000 to Public Counsel, to be distributed by Public Counsel in the manner previously agreed to by Public Counsel, Legal Aid Foundation of Los Angeles, Chatten Brown & Carstens, Natural Resources Defense Council, and Community Benefits Law Center, which shall constitute full payment of each Coalition Organizations' legal fees and costs through the date of execution of this Agreement. With the exception of the foregoing, and except as expressly provided elsewhere in this Agreement, the Parties shall bear their own attorneys' fees and costs in connection with the Project and this Agreement. Palmer shall have no responsibility to pay the sum set forth in this Section 11 if, after the Effective Date, either: (a) any attorney with Public Counsel, Legal Aid Foundation of Los Angeles, Chatten Brown & Carstens, Natural Resources Defense Council, or Community Benefits Law Center has participated in any way on the plaintiff's or petitioner's side in litigation challenging Project Approvals; (b) any Coalition Organization has assisted any other entity in bringing litigation challenging Project Approvals; or (c) the United Neighbors in Defense Against Displacement (aka "UNIDAD") or any entity that has been represented during the City or Agency proceedings for the Project by Public Counsel, Legal Aid Foundation of Los Angeles, Chatten Brown & Carstens, Natural Resources Defense Council, or Community Benefits Law Center brings litigation challenging Project Approvals.

12. Documents to be Filed or Executed. The Parties agree to cooperate to execute any documents reasonably required to effectuate the intent of this Agreement.

13. Waiver. The waiver of any provision or term of this Agreement shall not be deemed as a waiver of any other provision or term of this Agreement. The mere passage of time, or failure to act upon a breach, shall not be deemed as a waiver of any provision or term of this Agreement.

14. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of Coalition Organizations, Coalition Organizations' Successors, and any Successors to Coalition Organizations' Successors. This Agreement shall be binding upon and inure to the benefit of Palmer, Palmer's Successors, and any Successors to Palmer's Successors. References in this Agreement to an entity shall be deemed to apply to any Successor of that entity.

15. Transfer of Interests by Palmer.

a. Discretion to Transfer. Nothing in this Agreement shall limit the discretion of Palmer to transfer or assign a portion of or the entirety of any interest in the Project, rights under Project Approvals, or title to the Project Site, to a Successor. Any such transfer or assignment shall be made in compliance with terms of this Section 15. Such transfer or assignment shall be referred to herein as a "Transfer of Project Interest." Palmer represents and warrants that as of the Effective Date of this Agreement, it controls title to the Project Site and rights under any Project Approvals obtained or applied for.

b. Discretion Regarding Financial Obligations. At any time that Palmer chooses to effect a Transfer of Project Interest, Palmer may, in its sole and complete discretion, choose either: (i) to transfer or assign to the Successor the entirety of unpaid monetary funding commitments set forth in the Community Benefits Program; or (ii) to retain for itself such funding commitments, in which case the Successor shall have no liability for or responsibility to satisfy such funding commitments. Palmer shall transfer or assign such funding commitments only to a Successor that possesses financial resources reasonably sufficient to satisfy such funding commitments. Palmer shall provide written notice to the Coalition Organization's Representative at least thirty days prior to such transfer or assignment, with such notice identifying the entity to whom Palmer intends to transfer or assign such funding commitments. Any failure to give such notice shall not invalidate the transfer or assignment, but, in such event, Palmer shall remain financially obligated for any unpaid monetary funding commitments set forth in the Community Benefits Program if the Successor thereafter defaults thereon. If Palmer transfers or assigns title to a majority of the land area of the Project Site, it shall either satisfy in full any remaining funding obligations, or transfer or assign to the Successor landowner the remaining funding obligations.

c. Transfer of Obligations Related to Project Operations. At any time that Palmer chooses to effect a Transfer of Project Interest, Palmer shall, by complying with Subsection d. below, ensure that the Successor agrees to assume all of the obligations of Palmer under this

Agreement relevant to Successor's concurrent or contemplated actions related to the Project, with the exception of any funding commitments retained by Palmer pursuant to Section 15.b, above, and that assumed obligations are enforceable directly against Successor to that same degree that they were enforceable against Palmer prior to the transfer or assignment.

d. Procedure.

1. At Palmer's discretion, any Transfer of Project Interest may include as a term of the contractual agreement governing that transfer a Confirmation of Successorship, in the form set forth as Attachment D. Within ten (10) days after a Transfer of Project Interest under this subsection 1, Palmer shall provide to the Coalition Organizations' Representative a copy of the executed Confirmation of Successorship, and a description of the interest in the Project acquired by the Successor.

2. Palmer may at any time effect a Transfer of Project Interest without use of the Confirmation of Successorship form as described above, and in such cases shall, at least thirty days prior to the transfer or assignment, provide to Coalition Organizations' Representative a copy of portions of the contractual agreement in question that effect the requirements of this Section 15 and a description of the interest in the project to be acquired by the Successor, and shall give Coalition Organizations an opportunity to meet and confer with Palmer or Palmer's counsel to discuss any concerns with the compliance of the prospective transfer with this Section 15. If final terms of the Transfer of Project Interest vary from the information provided to the Coalitions pursuant to this subsection 2, then within ten (10) days after the transfer or assignment, Palmer shall provide to the Coalition Organizations' Representative a copy of the portions of the final contractual agreement in question that effect the requirements of this Section 15 and a description of the interest to be acquired by the Successor.

16. Agreement Lawful and Enforceable. All Parties agree that this Agreement is lawful, enforceable, and binding on all Parties; agree to waive any challenges to the enforceability of this Agreement; and agree not to either affirmatively, or by way of defense, seek to invalidate or otherwise avoid application of the terms of this Agreement in any judicial action or arbitration proceeding.

17. Recordation of Memorandum of Agreement. To ensure that Palmer's potential Successors are informed that obligations exist under this Agreement, within 45 days after the portion of the Project on Site A receives final City and Agency approval, Palmer shall arrange for the recordation with the Los Angeles County Recorder of a notification that such obligations exist, in a form mutually agreed upon by counsel for the Coalition Organizations' Representative and for Palmer. Palmer covenants that it shall not transfer or assign title to any portion of the

Project Site prior to recordation of the notification called for in this Section, unless the Project Approvals for Site A are not approved.

18. Subordination. Notwithstanding anything herein to the contrary, this Agreement and the attachments and exhibits hereto shall be subject to and subordinate to the lien of any mortgage or deed of trust made in good faith and for value and recorded against the Property, whether currently existing or made in the future, and no breach of any of the covenants herein contained nor the enforcement of any lien provision herein shall defeat or render invalid any such lien or deed of trust.

19. Estoppel Certificates. The Coalition Organizations' Representative shall, within ten (10) days after Palmer's request, provide an estoppel certificate to any prospective lender on any part of the Project Site, investor in any part of the Project Site, purchaser of any part of the Project Site, or any other prospective party to a business relationship with Palmer or its Successor(s) confirming that the Agreement is in full force and effect and that Palmer or its Successor(s) are not in breach and are in compliance with its obligations under the Agreement or, if the Coalition Organizations' Representative disagrees that is the case, identifying in full any alleged breach(es) or noncompliance.

20. Implementation through Relevant Contracts. Where this Agreement requires Palmer to impose responsibilities on entities that are not parties to this Agreement, Palmer shall ensure that any relevant contracts: (i) impose such responsibilities on such entities; (ii) require such entities to impose such responsibilities on subcontractors or other entities involved in the Project through the contract in question, to the extent contemplated by this Agreement; (iii) state with regard to such responsibilities imposed on any such entities that Coalition Organizations are intended third party beneficiaries with enforcement rights; and (iv) include any other provisions that Palmer and Coalition Organizations, using reasonable discretion, agree are necessary to ensure application and enforceability of such requirements by Coalition Organizations. Any entity that imposes an obligation required by this Agreement on another entity shall, in event of failure by that other entity to comply with such obligation, enforce that obligation against the other entity or terminate the contractual relationship in question.

21. Time of the Essence. Time is of the essence in this Agreement.

22. Construction. Each of the Parties has been represented by counsel in the negotiation and drafting of this Agreement. Accordingly, this Agreement shall not be construed for or against any party, and the rule of construction that any ambiguities be resolved against the drafting party shall not apply to this Agreement.

23. Interpretation. Specific provisions of this Agreement shall take precedence over conflicting general provisions.

24. Certain Coalition Communications. When this Agreement requires designation of an entity by "Coalition Organizations," or granting of a consent by "Coalition Organizations," such designation or consent is effective when communicated by the Coalition Organizations' Representative.

25. California Law. This Agreement shall be construed in accordance with the laws of the State of California. Any litigation arising from or related to this Agreement shall be brought in the Superior Court of the State of California for the County of Los Angeles, sitting in Downtown Los Angeles.

26. No Admission of Liability. This Agreement is a compromise of disputes, claims and counterclaims and nothing herein shall be deemed or construed to be an admission or concession of any liability whatever on the part of any person, firm, company, association or corporation. All Parties expressly deny liability as to all such disputes, claims and counterclaims and intend merely to avoid litigation with respect thereto. Neither this Agreement nor evidence of any negotiations in connection therewith shall be offered or received in evidence or used in any way at any trial or other action or proceeding except to enforce the terms and provisions hereof.

27. Incorporation of Recitals. The recitals contained herein are hereby incorporated by this reference and are binding upon the Parties hereto.

28. Entire Agreement. This Agreement contains the entire agreement between the parties concerning the subject matter hereof and supersedes any previous oral or written agreements concerning the subject matter hereof.

29. Authority of Signatories. The individuals executing this Agreement represent and warrant that they have the authority to sign on behalf of the Party for which they sign, and thereby to bind that Party fully to the terms of this Agreement.

30. Binding Upon Signature. As to any Party, this Agreement shall be binding upon, and as of the date of, such Party's execution of this Agreement.

31. Amendments. This Agreement may not be altered, amended or modified, except by an instrument in writing signed by the Party or Parties to be bound thereby.

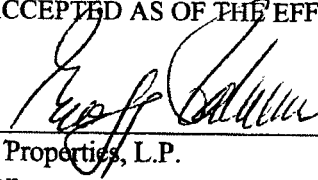
32. Counterparts, Execution and Additional Signatories. This Agreement may be executed in counterparts which, taken together, shall constitute one and the same agreement. This Agreement may also be executed and/or delivered by facsimile transmission or email and in such event all facsimile or emailed signatures shall be deemed originals for all purposes hereof. All such signatures and signature pages whenever added shall become a part of this Agreement and the Agreement shall then constitute one and the same document.

33. **Must Build Health and Wellness Center.** Notwithstanding anything herein to the contrary, Palmer shall not build the Project without also building the Health and Wellness Center.

34. **Agreement Void If Project Not Approved.** In the event the Project Approvals for Site A are not granted or are overturned in litigation, and Palmer decides not to pursue them further, then Palmer shall so notify the Coalition Organizations' Representative in writing and this Agreement shall become null and void. In such event, the Coalition Organizations shall execute such documents as required by Palmer to remove from record any notification pursuant to Section 17 that has been recorded.

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AGREED TO AND ACCEPTED AS OF THE EFFECTIVE DATE:



Palmer/Flower Street Properties, L.P.

By: Geoff Palmer

Its: General Partner

Coalition for Responsible Community Development

By:

Its:

Community Development Technologies Center
(CD Tech)

By:

Its:

Esperanza Community Housing Corporation

By:

Its:

Natural Resources Defense Council, Inc.

By:

Its:

Playa Vista Job Opportunities and Business Services

By:

Its:

St. Francis Center

By:

Its:

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By:

Its:



Coalition for Responsible Community Development

By:

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Its:

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By:

Its:

Natural Resources Defense Council, Inc.

By:

Its:

Playa Vista Job Opportunities and Business Services

By:

Its:

St. Francis Center

By:

Its:

AGREED TO AND ACCEPTED AS OF THE EFFECTIVE DATE:

Palmer/Flower Street Properties, L.P.

By:

Its:

Coalition for Responsible Community Development

By:

Its:



Community Development Technologies Center
(CD Tech)

By: Benjamin Torres

Its: President / CEO

Esperanza Community Housing Corporation

By:

Its:

Natural Resources Defense Council, Inc.

By:

Its:

Playa Vista Job Opportunities and Business Services

By:

Its:

St. Francis Center

By:

Its:

AGREED TO AND ACCEPTED AS OF THE EFFECTIVE DATE:

Palmer/Flower Street Properties, L.P.

By:

Its:

Coalition for Responsible Community Development

By:

Its:

Community Development Technologies Center
(CD Tech)

By:

Its:

Esperanza Community Housing Corporation

By: Nancy Halpern Ibrahim

Its: Executive Director

Natural Resources Defense Council, Inc.

By:

Its:

Playa Vista Job Opportunities and Business Services

By:

Its:

St. Francis Center

By:

Its:

AGREED TO AND ACCEPTED AS OF THE EFFECTIVE DATE:

Palmer/Flower Street Properties, L.P.

By:

Its:

Coalition for Responsible Community Development

By:

Its:

Community Development Technologies Center
(CD Tech)

By:

Its:

Esperanza Community Housing Corporation

By:

Its:

Adriano L. Martinez

Natural Resources Defense Council, Inc.

By: ADRIANO L. MARTINEZ

Its: ATTORNEY

Playa Vista Job Opportunities and Business Services

By:

Its:

St. Francis Center

By:

Its:

AGREED TO AND ACCEPTED AS OF THE EFFECTIVE DATE:

Palmer/Flower Street Properties, L.P.

By:

Its:

Coalition for Responsible Community Development

By:

Its:

Community Development Technologies Center
(CD Tech)

By:

Its:

Esperanza Community Housing Corporation

By:

Its:

Natural Resources Defense Council, Inc.

By:

Its:



Playa Vista Job Opportunities and Business Services

By: Ernest M. Roberts

Its: Executive Director

St. Francis Center

By:

Its:

AGREED TO AND ACCEPTED AS OF THE EFFECTIVE DATE:

Palmer/Flower Street Properties, L.P.

By:

Its:

Coalition for Responsible Community Development

By:

Its:

Community Development Technologies Center
(CD Tech)

By:

Its:

Esperanza Community Housing Corporation

By:

Its:

Natural Resources Defense Council, Inc.

By:

Its:

Playa Vista Job Opportunities and Business Services

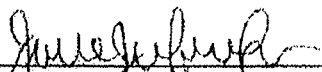
By:

Its:


St. Francis Center

By: JILL REMELSKI

Its: EXECUTIVE DIRECTOR


St. John's Well Child & Family Center, Inc.
By: James Mangia
Its: President & CEO

Strategic Actions for a Just Economy
(SAJE)
By:
Its:

Tenemos que Reclamar y Unidos Salvar La Tierra-South LA
(T.R.U.S.T. South LA)
By:
Its:

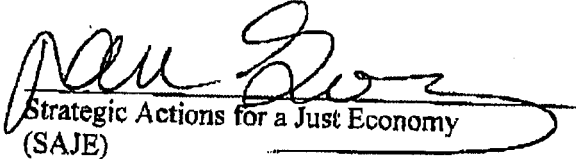
United University Church
By:
Its:

Vermont Village Community Development Corporation
By:
Its:

St. John's Well Child & Family Center, Inc.

By:

Its:



Strategic Actions for a Just Economy
(SAJE)

By: Paulina Gomez

Its: Executive Director

Tenemos que Reclamar y Unidos Salvar La Tierra-South LA
(T.R.U.S.T. South LA)

By:

Its:

United University Church

By:

Its:

Vermont Village Community Development Corporation

By:

Its:

St. John's Well Child & Family Center, Inc.

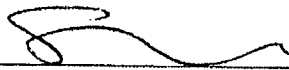
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Its:

Strategic Actions for a Just Economy
(SAJE)

By:

Its:



Tenemos que Reclamar y Unidos Salvar La Tierra-South LA
(T.R.U.S.T. South LA)

By: *Sandra McNeill*

Its: *Executive Director*

United University Church

By:

Its:

Vermont Village Community Development Corporation

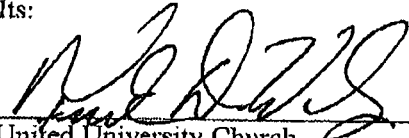
By:

Its:

St. John's Well Child & Family Center, Inc.
 By:
 Its:

Strategic Actions for a Just Economy
 (SAJE)
 By:
 Its:


Tenemos que Reclamar y Unidos Salvar La Tierra-South LA
 (T.R.U.S.T. South LA)
 By:
 Its:


 United University Church
 By: *Rev. Frank D. Wulf*
 Its: *Pastor, United University Church & Moderator of Council*

Vermont Village Community Development Corporation
 By:
 Its:

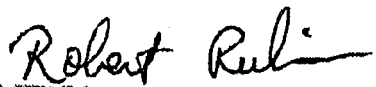
St. John's Well Child & Family Center, Inc.
By:
Its:

Strategic Actions for a Just Economy
(SAJE)
By:
Its:



Tenemos que Reclamar y Unidos Salvar La Tierra-South L.A
(T.R.U.S.T. South L.A)
By: Sandra McNeill
Its: Executive Director

United University Church
By:
Its:



Vermont Village Community Development Corporation
By: Robert Rubin
Its: Executive Director

ATTACHMENT A

PROJECT DESCRIPTION AND APPROVALS

The project as proposed under Case No. CPC-2006-10241-GPA-ZC-HD-CUB-CU-ZAA-ZAD-DB-SPR, involves the development of a mixed-use project with a total of approximately 1,051 multi-family residential units and ancillary common area and recreation amenities and proposed retail uses and medical clinic uses resulting in a total project floor area of approximately 1,390,568 square feet (the "Project").

As discussed in more detail in the Project's Environmental Impact Report ("EIR") (No. ENV-2006-9471-EIR), including the Supplemental CEQA Analysis of Reduced Density Proposal, the Project involves the construction of two structures, a six-story building on the eastern side of Flower Street (2300 South Flower Street - Site A) and a 12-story building directly across from it, on the western side of Flower Street (2327 South Flower Street - Site B). Site A would contain approximately 34,000 square feet of retail uses, approximately 7,500 square feet of health and wellness center uses, and 919 multi-family units; Site B would contain approximately 132 multi-family units. Parking for the Project would consist of approximately 2,482 spaces provided in two subterranean levels and one ground level located at Site A, and four subterranean levels and one ground level located at Site B. Both Sites A and B are currently developed for surface parking uses or are otherwise vacant.

For purposes of this Program, the term "Project Approvals" shall mean the following:

- all entitlements currently pending before the Los Angeles City Planning Commission, including without limitation: (a) Certification of the Project's EIR; (b) General Plan Amendment to the Southeast Los Angeles Community Plan to amend Footnote Number 1 to specifically exclude the project site from the Height District 1 (1.5:1 Floor Area Ratio) limitation imposed by Footnote Number 1 in order to permit the site to be developed consistent with the existing Height District 2 (6:1 Floor Area Ratio) Zone designation; (c) Zone/Height District Change from [Q]C2-2-O (Commercial Zone with conditions that restricted the site to educational, hospital, medical office, parking and related uses), to C2-2-O, to permit all uses allowed in the C2 (Commercial) Zone; (d) a Conditional Use Permit to permit the sale and dispensing of a full line of alcoholic beverages off-site in conjunction with a market or drugstore use and sale and dispensing of a full line of alcoholic beverages for consumption on-site in conjunction with a restaurant use; (e) Determination to permit a 10% reduction in the number of commercial-parking spaces by Finding that the commercial building is located on a lot not more than 1,500 feet distant from the portal of a fixed rail transit station, or bus station, or other similar facility; (f) Site Plan Review for a project which creates, or results in an increase, of 50 or more dwelling units; as well as a haul route review.
- all potential entitlements from the City of Los Angeles for development of the Project on Site B, including without limitation: (a) a Zone/Height District Change from [Q]C2-2-O (Commercial Zone with conditions), to C2-2-O, to permit all uses allowed in the C2 (Commercial) Zone; (b) General Plan Amendment(s) necessary to permit the

development of the Project on Site B; (c) certification/approval of any required California Environmental Quality Act ("CEQA") documents; (d) Site Plan Review for a project which creates, or results in an increase, of 50 or more dwelling units; and (e) haul route review.

- all necessary discretionary or ministerial past and present permits and approvals entered into or issued by any public agency (including without limitation City, County, State, and Federal agencies) pertaining to the Project, and, to the extent not materially inconsistent with the Project, future public agency actions pertaining to the Project, and all collateral or related past, present and, to the extent not materially inconsistent with the Project, future permits, approvals, and agreements entered into or issued by any public agency or private organizations or entities pertaining to the Project, including without limiting the foregoing (1) the EIR; mitigation monitoring plans; conditional use permits; public works permits; project permits; tract maps; building permits; demolition, grading and foundation permits; haul route approval(s); any necessary permits or approvals from the Community Redevelopment Agency of the City of Los Angeles; approval of enhanced street planting; notification of Federal Aviation Administration regarding building height; any necessary permits from the Division of Oil, Gas and Geothermal Resources with regard to on-site wells; and any other permits, actions, approvals or determinations, the terms of which may not be fully known at this time, or any other past, present, or, to the extent not materially inconsistent with the Project, future approval, action or determination of a public agency in furtherance of the Project, or any portion of the Project and (2) any amendments, supplements, revisions, terminations, extensions, public agency legislative approvals, public agency resolutions, public agency administrative approvals, or judicial approvals pertaining to any of the foregoing.

ATTACHMENT B
**JOINT PUBLIC STATEMENT
REGARDING THE PUBLIC BENEFITS PROVIDED BY
THE LORENZO PROJECT MIXED-USE RESIDENTIAL DEVELOPMENT**

CONCERNING: The Lorenzo Project mixed use, residential development consisting of 1,051 new residential units, 34,000 square feet of retail uses, and 7,500 square feet of health and wellness center uses at 2300 and 2327 South Flower Street in South Los Angeles.

STATEMENT JOINTLY ISSUED BY:

1. The property owner, Palmer/Flower Street Properties, LP (“Palmer”); and
2. The following community organizations (“Coalition Organizations”): Coalition for Responsible Community Development; Community Development Technologies Center; Esperanza Community Housing Corporation; Tenemos que Reclamar y Unidos Salvar La Tierra-South LA (“T.R.U.S.T. South LA”); Natural Resources Defense Council, Inc.; Playa Vista Job Opportunities and Business Services; Strategic Actions for a Just Economy (“SAJE”); St. Francis Center; St. John’s Well Child & Family Center, Inc.; United University Church; and Vermont Village Community Development Corporation

STATEMENT:

On February 9, 2011, Coalition Organizations and Palmer reached an agreement whereby Palmer will provide several important community benefits to the South Los Angeles Community.

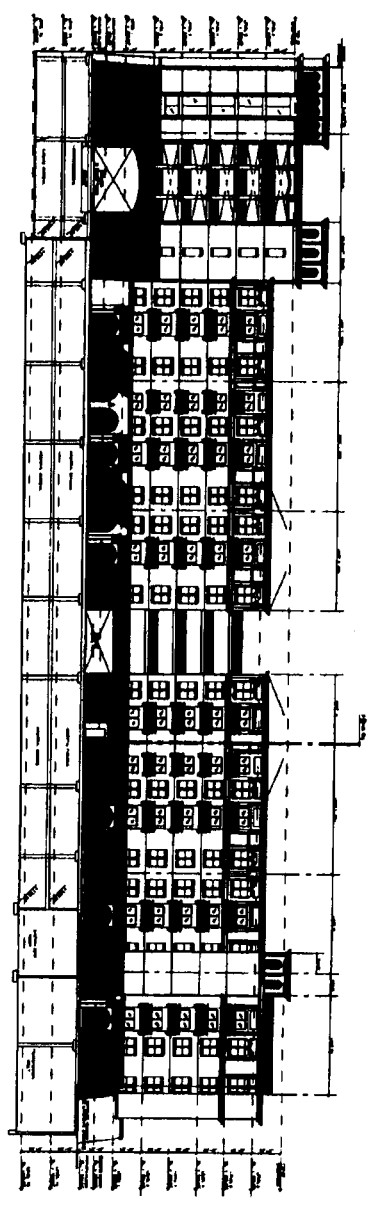
As part of the Agreement with Coalition Organizations, Palmer has agreed to provide 7,500 square feet in the Project for a community-serving medical clinic that will be rent free for 20 years, and to provide certain funding and start-up costs for the clinic. In addition, Palmer has agreed to provide funding for community health promotion, affordable housing creation in South Los Angeles, job training, local small business support, and transit oriented development support for development around the Exposition Line. Palmer has also agreed to implement a local and at-risk jobs hiring program for the Project’s construction workers, and a living wage and local hiring program for the Project’s permanent workers.

Coalition Organizations and Palmer jointly believe that these benefits will improve the quality of life for residents in and around South Los Angeles, providing much needed funds to benefit community-serving medical uses, community health promotion, local jobs and job training, affordable housing and other community purposes. Coalition Organizations and Palmer appreciate each others’ efforts in negotiating this compromise to bring more benefits to this community. Based on these community benefits, the Coalition Organizations withdraw all objections to the Project

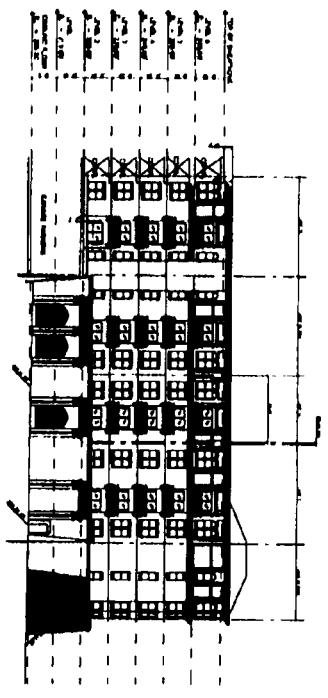
ATTACHMENT C

CURRENT SITE PLANS

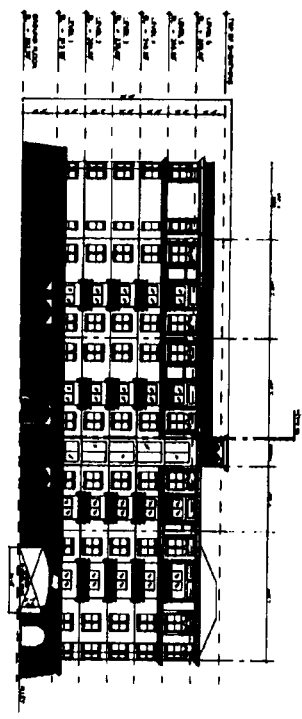
SITE A



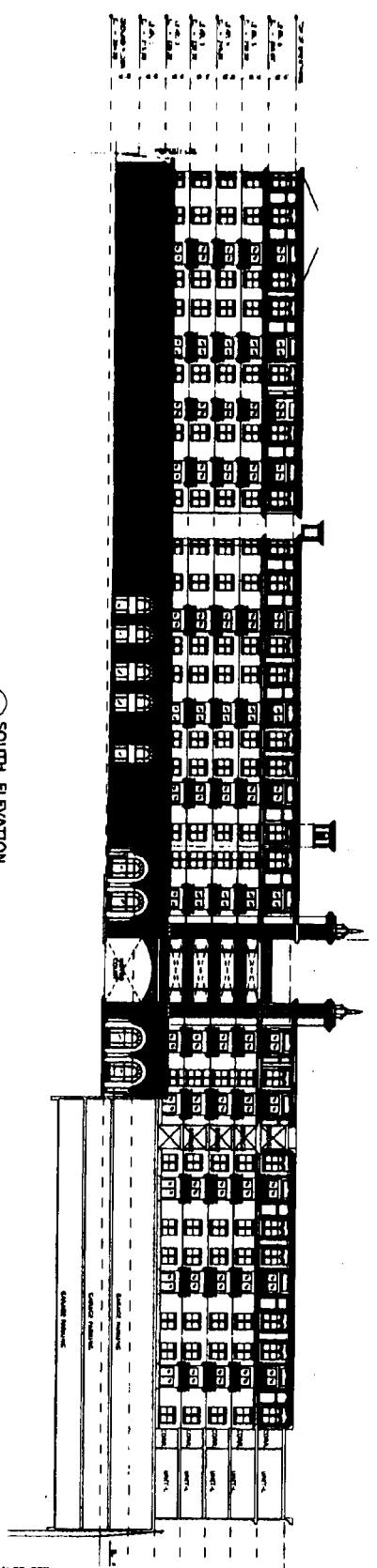
4 WEST ELEVATION
SCALE 1/8" = 1'-0"



3 WEST ELEVATION
SCALE 1/8" = 1'-0"



2 SOUTH ELEVATION
SCALE 1/8" = 1'-0"



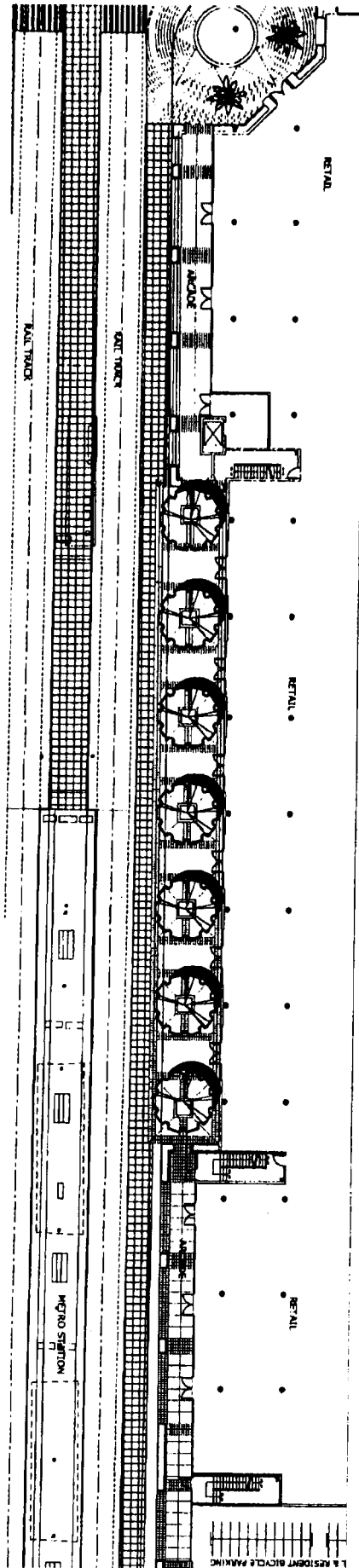
1 SOUTH ELEVATION
SCALE 1/8" = 1'-0"

A5.0

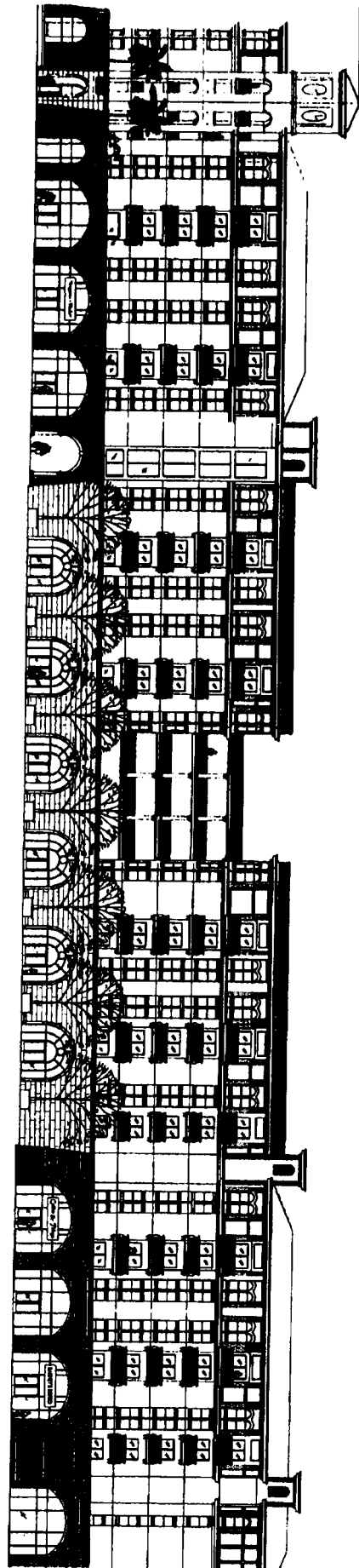
JAN 20, 2011

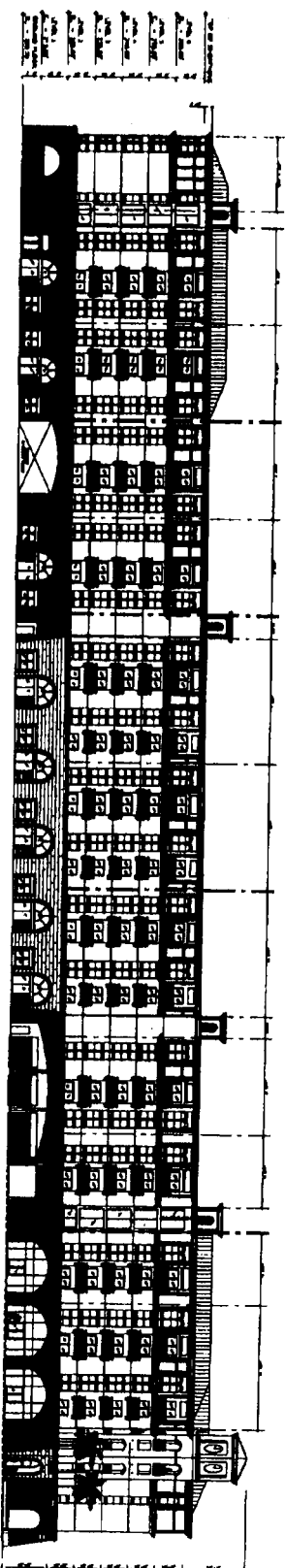
THE LORENZO
A RESIDENTIAL COMMUNITY AT 23RD ST. AND FLOWER
FOR G.H. PALMER ASSOCIATES

NELSON/BOIVIN-ARCHITECTS
2107 COLLEGE BL., SUITE 200, CALIFORNIA, MISSOURI 63103-4501
TEL: 314.435.1100 FAX: 314.435.1101



FLOWER STREET ELEVATION
 scale 3/32" = 1'-0"





5 EAST ELEVATION
SCALE: 1/8" = 1'-0"

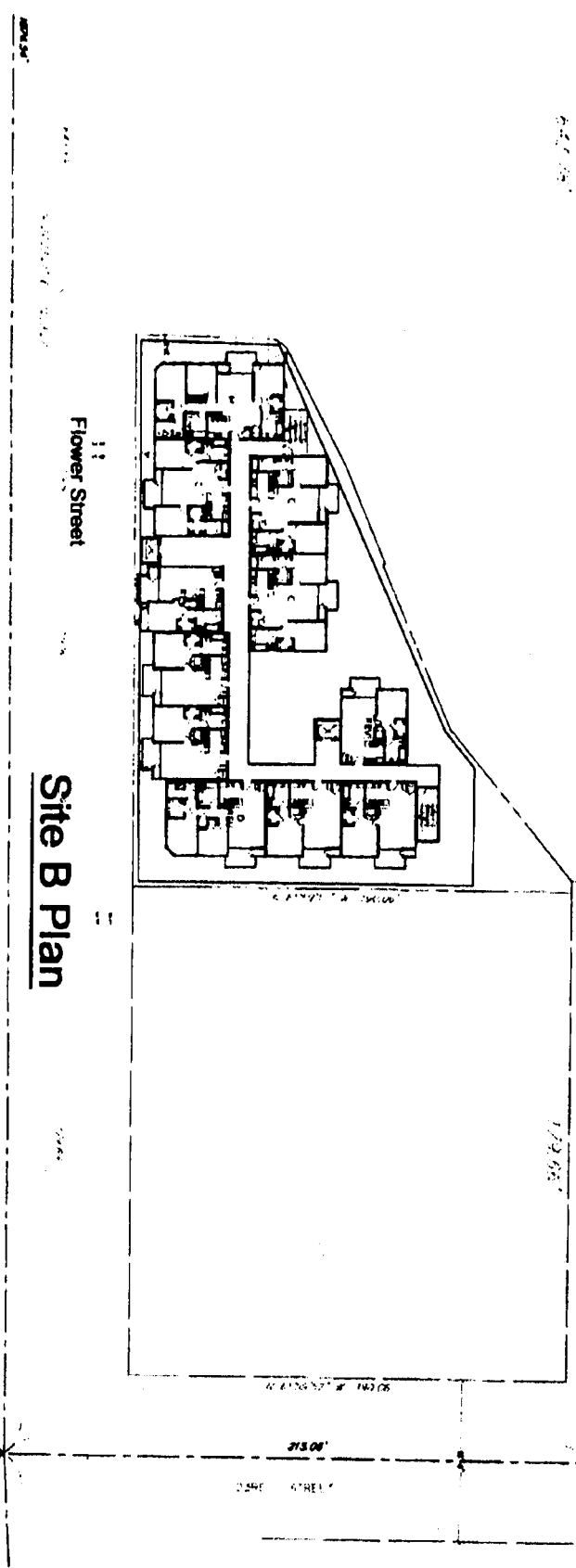
JAN 20, 2008

A5.2

THE LORENZO
A RESIDENTIAL COMMUNITY AT 23RD ST. AND FLOWER
FOR G.H. PALMER ASSOCIATES

NELSON/BORVIN-ARCHITECTS
2000 BROADWAY, SUITE 1000, NEW YORK, NY 10014

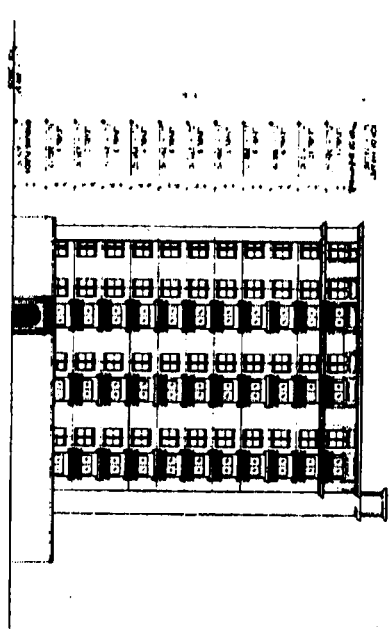
SITE B



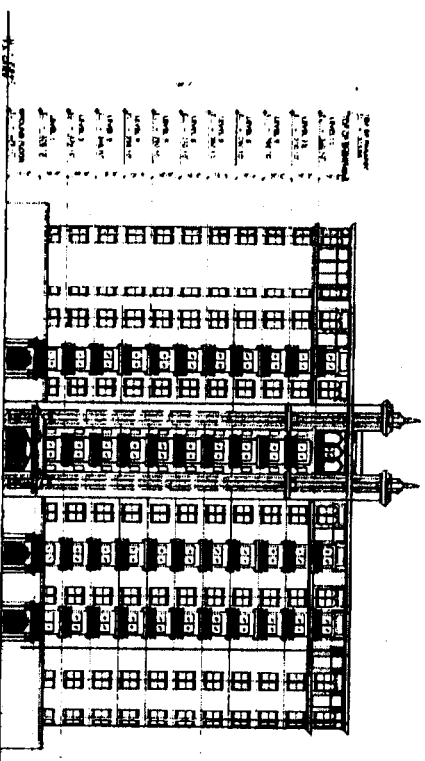
Site B Plan

Flower Street

1 NORTH ELEVATION



2 WEST ELEVATION



<p>DATE: 1/22/03 DRAWN BY: [Name] CHECKED BY: [Name]</p>	<p>THE LORENZO 403 W ADAMS ST., LOS ANGELES, CA 90007 FOR O.H. PALMER ASSOCIATES</p>	<p>NEILSON/BOIVIN-ARCHITECTS 1200 EAST 10TH STREET, SUITE 200, LOS ANGELES, CA 90015 TEL: (213) 475-1100 FAX: (213) 475-1101</p>	<p>PROJECT NO. 03-001 SHEET NO. 03-001-01 TOTAL SHEETS: 03-001-01 TO 03-001-05</p>
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ATTACHMENT D

FORM OF CONFIRMATION OF SUCCESSORSHIP

CONFIRMATION OF SUCCESSORSHIP

THIS CONFIRMATION OF SUCCESSORSHIP (“Confirmation”) is made

by _____, a _____ company (“Successor”).

On February __, 2011, Palmer _____ LP and several community-based organizations entered into an agreement (“Cooperation Agreement”), related to certain terms of the development of the _____ Project (“Project”).

This Confirmation is being executed pursuant to, and is a material term of, that certain

[list title of purchase agreement, joint venture agreement, or other agreement between Developers and Successor] dated as of _____ (“Purchase Agreement” [or other appropriate short title]), pursuant to which [simple description of transaction, e.g.: Developers sell to Successors a portion of real property within the Project; Developers and Successor engage in a joint venture for development of Project; etc.].

By executing this Confirmation and the Purchase Agreement [or other title] to which this Confirmation is attached, Successor agrees that it is a “Successor” to “Developer” as those terms are used in the Cooperation Agreement, and that, with regard to terms of the Cooperation Agreement that are relevant to Successor’s concurrent or contemplated actions related to the Project, the Cooperation Agreement is enforceable by Coalition Organizations directly against Successor, according to the terms of the Cooperation Agreement. Successor has reviewed a final, executed copy of the Cooperation Agreement, has had the opportunity to have the Cooperation Agreement reviewed by counsel, and understands and agrees to the relevant terms, conditions, and commitments contained therein.

[NAME OF SUCCESSOR]

By:

Its:

ATTACHMENT E

COMMUNITY BENEFITS PROGRAM LORENZO PROJECT

I. PURPOSE

The purpose of this Community Benefits Program for the Lorenzo Project is to provide for a coordinated effort between Coalition Organizations and Palmer to maximize the Project's benefits to the South Los Angeles community. This Community Benefits Program is agreed to by the Parties in connection with, and as a result of, the Cooperation Agreement to which it is attached. The Community Benefits Program will provide community-serving health and wellness space and funding for a community-serving health and wellness center, community health promotion, affordable housing promotion, small business support, transit oriented development support in the community, and support to address issues of local jobs and living wages for jobs provided at the Project and during Project construction.

II. DEFINITIONS

As used in this Community Benefits Program, the following capitalized terms shall have the following meanings. All definitions include both the singular and plural form. Any capitalized terms not specifically defined in this Community Benefits Program shall have the meanings as set forth in the Cooperation Agreement to which it is attached.

“At-Risk Resident” shall mean a Local Resident who either has a household income of less than 50% of the Area Median Income in Los Angeles County or has one of the following barriers to employment at the time of program entry: being homeless; history of substance abuse; receiving public assistance; lacking a GED or high school diploma; having a history of involvement with the justice system (including ex-gang affiliated); being a single custodial parent; or suffering from chronic unemployment.

“Certificate of Occupancy” shall mean either a Certificate of Occupancy or a Temporary Certificate of Occupancy for any residential unit or retail space in the Project (for these purposes, the Health and Wellness Center is neither residential nor retail space).

“Community Benefits Fund” shall mean a nonprofit fund or trust account that shall be established with and administered by The California Endowment or another qualified third party designated by the Coalition Organizations' Representative, established to hold and distribute funds provided to it by Palmer according to procedures established by agreement between the third party entity and the Coalition Organizations' Representative, with such funds to be used only for purposes as set forth in this Program.

“Construction Employer” shall mean any Contractor performing Project Work, including subcontractors of any tier.

“Contractor” shall mean any individual firm, partnership, owner operator, or corporation, or combination thereof, including joint ventures, performing Project Work.

“Cooperation Agreement” shall mean the Cooperation Agreement to which this Community Benefits Program is attached.

“Health and Wellness Center” shall mean a 7,500 square-foot community health facility on the ground floor of the Project dedicated to the following uses: health care, improving nutrition, wellness, health awareness, fitness and health education, for low-income and indigent families and individuals who are underserved, uninsured, and underinsured.

“Health and Wellness Center Operator” shall mean St. John’s or another non-profit medical or health services provider or providers mutually approved by the Coalition Organizations’ Representative and Palmer. Palmer shall not unreasonably refrain from approving a provider other than St. John’s.

“Jobs Coordinator” shall mean an entity designated by the Coalition Organizations’ Representative, subject to Palmer’s approval which shall not unreasonably be withheld, to perform referral services and related services pertaining to Section V of this Program.

“LAHD” shall mean the Los Angeles Housing Department.

“Lease” shall mean the lease agreement that shall be entered into by and between Palmer and the Health and Wellness Center Operator (or Operators) and that shall contain terms and conditions consistent with this Program and the Cooperation Agreement.

“Local Hire Schedule” shall mean a schedule that establishes the hiring process and the approximate timetable to be followed by Palmer and all Construction Employers to achieve the overall requirements of the Jobs Program set forth in Section V.D of this Program.

“Local Resident” shall mean an individual whose primary place of residence is within (3) three miles of the Project or in a Poverty ZIP Code at the time of hire.

“Local Small Business” shall mean a local business that: (1) is privately owned and operated; (2) has fewer than fifteen (15) employees; (3) makes no more than \$300,000 in annual gross sales at the time of lease execution; (4) is not affiliated with a national, corporate chain; and (5) is owned by an individual or individuals residing within three

miles of the Project, or in any Poverty Zip Code that is within five miles of the Project at the time of lease execution.

“On-Site Work” shall mean work, other than construction work, performed on the Project site by an individual whose employment position is performed in whole or in part at the Project Site.

“Permanent Employer” shall mean Palmer and any entity that employs at least fifteen (15) employees in performance of On-Site Work, excluding any owners of the entity or the owners’ family members.

“Poverty ZIP Code” shall mean a zip code within in the City of Los Angeles that contains all or part of a census tract in which the rate of unemployment exceeds 150% of the average for Los Angeles County.

“Program” shall mean this Community Benefits Program.

“Project Work” shall mean construction work physically performed on the Project Site.

“St. John’s” shall mean St. John’s Well Child & Family Center, Inc., a California nonprofit corporation.

“Term” shall mean the twenty (20) year period commencing on the date the initial Health and Wellness Center Operator accepts possession of the Health and Wellness Center space.

III. HEALTH SERVICES

- A.** Purpose. The purpose of this Section is to address the deficit of community-serving health care uses in the South Los Angeles community. This Section establishes a Health and Wellness Center on the ground floor of the Project dedicated to the following uses: health care, improving nutrition, wellness, health awareness and education, and fitness solely for low-income and indigent families and individuals who are underserved, uninsured, and underinsured. The Health and Wellness Center will be maintained for local residents of South Los Angeles in an easily accessible and responsive manner. The community-serving health efforts under this Section will help address this deficit, providing a lasting benefit to the South Los Angeles community.
- B.** Designated Health and Wellness Center Space. Palmer shall provide 7,500 square feet in the Project’s ground floor in the approximate location shown on Exhibit 1 to this Program for the Health and Wellness Center. Palmer agrees to provide the

Health and Wellness Center space to the Health and Wellness Center Operator, who shall enter a Lease for the Health and Wellness Center.

1. **Rent-Free.** The Health and Wellness Center space shall be provided rent-free and real estate tax-free for the Term, but the Health and Wellness Center Operator will be required to pay all utilities and other operating expenses for the Health and Wellness Center.

2. **Selection of New Health and Wellness Center Operator.** If at any time during the Term the Health and Wellness Center Operator is unable to continue operation of the Health and Wellness Center, the Coalition Organizations' Representative may nominate for Palmer's approval, which shall not unreasonably be withheld, one or more other qualified community health and wellness providers to operate the Health and Wellness Center. Any such new provider or providers shall then become the Health and Wellness Center Operator for purposes of this Program and shall enter a new Lease with Palmer for the remainder of the Term, on the same terms as the previous Lease with the previous Health and Wellness Center Operator. If the Coalition Organizations' Representative cannot identify a qualified new community health and wellness provider such that the space designated for the Health and Wellness Center remains vacant for two (2) years, then Palmer shall no longer be obligated to make that space available for the Health and Wellness Center and may find another tenant for that space. Under no circumstances can the Health and Wellness Center be operated so as to create a nuisance to the Project or the community, nor can it be operated in violation of any federal, state, or local law, nor can it be used as a dispensary for medical marijuana, methadone, or other similar substances.

3. **Expiration of Term and Right of First Refusal.** If a Health and Wellness Center Operator in possession of the Health and Wellness Center wants to continue to operate the Health and Wellness Center at the end of the Term, then six (6) months prior to the end of the Term the Health and Wellness Center Operator shall make this intention known to Palmer in writing and the parties may, in their mutual discretion, negotiate a new lease in good faith under market terms. After the expiration of the Term, if a Health and Wellness Center Operator elects not to negotiate a new lease, the Coalition Organizations' Representative shall be offered the right of first refusal to negotiate with Palmer a new lease in good faith under market terms for the

Health and Wellness Center space to provide health, wellness, and education services.

4. Design of Physical Layout and Architect Fees Paid. The design and layout of the Health and Wellness Center shall be reasonably consistent with the sample schematic St. John's has provided to Palmer and that is attached as Exhibit 2 to this Program. Any changes to that design shall be mutually agreed upon by St. John's and Palmer. Palmer shall cover all reasonable architectural expenses related to the design of the Health and Wellness Center, including the design of all reasonably requested tenant improvements.
5. Complete Construction of Physical Layout. Prior to the first tenant occupancy of the residential or retail portions of the Project, Palmer shall construct the tenant improvements to the Health and Wellness Center consistent with the mutually agreed upon design and layout at its sole expense. The finished quality of the tenant improvements will be of reasonable quality for such a nonprofit medical health center serving an at-risk population in the City of Los Angeles.
6. Signage. Clear and appropriate signage shall be provided to direct patients to the Health and Wellness Center. Signage shall be provided at the same standards of quality and size as what is provided for retail spaces at the Project.
7. Parking. Parking for the Health and Wellness Center patrons will be sufficient to meet the reasonable needs of the Health and Wellness Center, taking into account that many patients are expected to travel by public transit and taking into account that Coalition Organizations have advocated for de-coupling parking and space leases to discourage car trips. Reasonable parking shall be provided for employees of the Health and Wellness Center.
8. Access. Pedestrians must have direct access to the Health and Wellness Center from 23rd Street, and the Health and Wellness Center shall be in the approximate location shown on Exhibit 1 to this Program.
9. Safety. Palmer shall act in good faith and not treat the employees and patrons of the Health and Wellness Center any differently than retail

tenants of the Project with respect to secure and harassment-free means of entry and exit to the Health and Wellness Center.

- C. **Funding for Health Services.** Palmer shall pay a total of \$2,103,000 to the Community Benefits Fund to fund the establishment and operation of the Health and Wellness Center. That total sum shall be apportioned as follows.
 - 1. **Initial Operating Expenses.** Palmer shall pay \$220,000 to the Community Benefits Fund no later than three (3) months prior to occupancy by the first retail or residential tenant of the Project. These funds may be used to purchase medical supplies and pharmaceuticals for the Health and Wellness Center. Palmer shall pay \$649,000 to the Community Benefits Fund at least two (2) weeks prior to occupancy by the first retail or residential tenant of the Project. Palmer shall pay \$869,000 to the Community Benefits Fund no later than 365 days after the Community Benefits Fund receives the second payment required under this provision. These funds shall only be used to help fund the Health and Wellness Center's operations.
 - 2. **Medical Equipment.** Palmer shall pay \$365,000 to the Community Benefits Fund no later than three (3) months prior to occupancy by the first retail or residential tenant of the Project. These funds shall only be used to purchase medical equipment for the Health and Wellness Center.
- D. **Community Health Outreach.** Palmer shall pay \$160,000 to the Community Benefits Fund, which shall be used for health promotion services in South Los Angeles, including outreach to local residents regarding health care services and other health related information. These funds shall be paid to the Community Benefits Fund no later than six (6) months prior to occupancy by the first retail or residential tenant of the Project.

IV. AFFORDABLE HOUSING

- A. **Purpose.** The purpose of this Section IV is to address affordable housing needs in the South Los Angeles community. Palmer has included approximately 1,051 residential units as part of the Project. Palmer has committed to restrict five (5) percent of the Project's units to individuals or families at the Very Low income level. This Section provides for monitoring of this commitment, and funding for the development or retention of additional affordable housing at other locations in South Los Angeles. The

affordable housing efforts under this Section will provide a lasting benefit to the South Los Angeles community.

B. Affordable Housing Funding. Palmer shall pay a total of \$1,050,000 (exclusive of the funding requirement of Section C.7, below) to the Community Benefits Fund, which shall only be used to acquire or develop new affordable housing units, or to rehabilitate or preserve existing affordable housing units in South Los Angeles.

1. Timing of Distribution of Funds. Palmer shall pay \$500,000 to the Community Benefits Fund within thirty (30) days following the issuance of a building permit for the residential portion of the Project. Palmer shall pay a second installment of \$550,000 to the Community Benefits Fund no later than 365 days after the Community Benefits Fund receives the first payment required under this provision.

C. Affordable Housing Leasing and Monitoring.

1. Project Set Aside for Very Low Income Housing. Pursuant to the Los Angeles Density Bonus Ordinance (Los Angeles Municipal Code Section LAMC 12.22.A.25), Palmer shall set aside five (5) percent of the total housing units actually built in the Project for residents at the Very Low income level (the "Affordable Housing Units"). Palmer shall operate those Affordable Housing Units in full compliance with all of City of Los Angeles and LAHD requirements for Very Low income housing, including but not limited to the Los Angeles City Density Bonus Ordinance and the Density Bonus Agreement (hereinafter, the "Density Bonus Agreement") that shall be finalized and agreed upon with LAHD, a sample of which is included as Exhibit 3 for illustrative purposes (it is understood that Exhibit 3 contains a sample draft provided by LAHD, and is not the final version that LAHD and Palmer will execute). Affordable Housing Units shall be built on site, dispersed within the development, and comparable in size and bedroom unit mix to the market-rate units in the Project, consistent with the Los Angeles Density Bonus Ordinance and final Density Bonus Agreement. For purposes of this Agreement, the term "Very Low income" shall be as defined in the Los Angeles City Density Bonus Ordinance.

2. Eligibility of Student Applicants. In addition to complying with LAHD's requirements for Very Low income housing, Palmer shall apply the following additional eligibility restriction for applicants who are also full-time students. If all of the proposed occupants of an Affordable Housing

Unit are full-time students (as defined by the school the student attends), the proposed occupants shall be eligible for an Affordable Housing Unit only if, in addition to meeting all other eligibility requirements for Very Low income housing, at least one of the full-time student applicants meets one or more of the following criteria: (a) receives Temporary Assistance for Needy Families (TANF) assistance; or (b) is a single parent with a dependent child in the household; or (c) is a participant in a South LA job training program for at risk or disadvantaged persons. Students that are claimed as dependents on their parent's federal income taxes or whose parent(s) are guarantors of the rental/lease agreement must include parental household income information on their tenant income survey in order to determine affordable housing eligibility.

3. Initial Lease-up. Project leasing staff will meet with a representative designated by the Coalition Organizations ("Program Representative") to discuss the requirements of the leasing application process for the Affordable Housing Units at least two (2) months prior to initiation of the initial lease-up period for the Affordable Housing Units. Palmer also shall provide the Program Representative with marketing materials at least two (2) weeks prior to the initiation of the initial lease-up period for the Affordable Housing Units. The Program Representative can make referrals for the Affordable Housing Units and Palmer shall advise the Program Representative about the status of the Program Representative's referred applications and the reasons for denial, if any.
4. Vacancies. When vacancies occur or Palmer learns vacancies are about to occur in the Affordable Housing Units, Palmer shall notify the Program Representative on the earlier of the date that Palmer is required to provide notice of same to LAHD under the Density Bonus Agreement, or the date that is at least two (2) weeks prior to marketing a vacated or to be vacated unit.
5. Tenant Selection. Selection of tenants for the Affordable Housing Units shall be based on LAHD requirements. Further, and in addition to good faith consideration of the Program Representative's referrals for the Affordable Housing Units, Palmer shall give first priority to applicants who live and work in the City of Los Angeles.
6. Covenants. Prior to issuance of a Certificate of Occupancy, Palmer shall record affordability covenants required by LAHD on the Affordable

Housing Units guaranteeing that the units will be affordable to, and occupied by, Very Low income households for at least a period of thirty (30) years from the issuance of the initial Certificate of Occupancy.

7. Compliance Reviewer. Not later than six (6) months before issuance of a Certificate of Occupancy for residential uses at the Project, Palmer shall provide \$40,000 to the Community Benefits Fund to retain an entity to assist with reviewing all of Palmer's submissions to LAHD concerning the Affordable Housing Units, and, on at least a bi-annual basis, all applications and income verification information submitted for the Affordable Housing Units, along with access to the waitlist that is kept for those units, and to confirm that Palmer has met LAHD's requirements and complied fully with the affordable housing obligations in the Program. Palmer shall provide the reviewing entity with all of the aforementioned documentation and all documentation required by LAHD for monitoring the Affordable Housing Units at the time such documentation is provided to LAHD, and the reviewing entity shall conduct a peer-review of that documentation. In the event that the reviewing entity determines that Palmer is not in compliance with LAHD requirements, the reviewing entity or any Coalition Organization may report such non-compliance to LAHD for enforcement consistent with the provisions in the Affordable Housing Units' affordability covenants. Additionally, Coalition Organizations may take any other action under the Program to enforce in full Palmer's affordable housing commitments, including the right to enforce the provisions of the Density Bonus Agreement.

V. CONSTRUCTION JOBS

- A. Purpose. The purpose of this Section is to facilitate the employment of local low-income and at-risk job applicants in construction jobs associated with Project construction (the "Jobs Program").
- B. Construction Jobs Funding. No later than the issuance of a building permit for the Project's first residential units, Palmer shall pay \$60,000 to the Community Benefits Fund. These funds shall only be used to support activities of the Jobs Coordinator in relation to the Project.
- C. Compliance Reviewer. No later than two weeks prior to the issuance of a building permit for the Project's first residential units, Palmer shall provide \$40,000 to Coalition Organizations, to be used for retention of an entity to assist

in monitoring and enforcement of requirements of this Section (the “Compliance Reviewer”).

D. Jobs Program.

1. Construction Jobs Reserved for Local Residents. Palmer shall require that all Construction Employers working on the Project Site use their best efforts to achieve a goal of having thirty (30) percent of all hours of Project Work physically performed at the Project Site be performed by Local Residents (the “Local Hiring Goal”). The Local Hiring Goal shall be measured based on the total number of hours of Project Work, and not on the number of hours of Project Work performed by a particular Contractor or Contractors.
2. Construction Jobs Reserved for At-Risk Residents. Palmer shall require that all Construction Employers working on the Project Site use their best efforts to achieve a goal of having at least ten (10) percent of all hours of Project Work be performed by At-Risk Residents (the “At-Risk Hiring Goal”), which shall be divided as follows: at least eight (8) percent shall be worked by candidates referred by the Jobs Coordinator and the remaining two (2) percent may be worked by candidates from any source. The At-Risk Hiring Goal shall be measured based on the total number of hours of Project Work, and not on the number of hours of Project Work performed by a particular Contractor or Contractors. At-Risk Residents shall be counted towards the Local Hiring Goal.
3. Notification. Palmer shall require that each Construction Employer provides notification to the Jobs Coordinator of job openings at least thirty (30) days in advance of commencement of hiring for positions performing Project Work, where feasible and consistent with the Local Hiring Schedule. Notification includes the number and descriptions of available positions, job qualifications, salary, expected hours, duration of employment, and special job requirements (language skills, drivers’ license, etc.).
4. Hiring Priority. Palmer shall require that, in hiring At-Risk Residents for Project Work, each Construction Employer gives preference to At-Risk Residents whose primary place of residence is within a three (3) mile radius of the Project.

5. Hiring Orientation. At least thirty (30) days prior to commencement of construction activities by each Construction Employer, and at all pre-bid and pre-construction meetings for each Construction Employer, Palmer shall schedule an orientation with the Construction Employers who will be performing Project Work, and with the Jobs Coordinator and the Compliance Reviewer. The purpose of this orientation is to help all Construction Employers understand the provisions of this Section and, to ensure that they have a plan for compliance, including the preparation of a Local Hiring Schedule.
 6. Living Wage. Palmer shall require that any construction worker hired to meet the Local Hiring Goal or the At-Risk Hiring Goal receives at least a Living Wage as defined by the City's Living Wage Ordinance, Los Angeles Administrative Code, Section 10.37.
 7. Local Hire Report. Palmer shall report quarterly to the Jobs Coordinator on the progress of its compliance with this Section in a format to be determined by mutual agreement of Palmer and the Jobs Coordinator. In compiling Local Hire Reports, Palmer shall be entitled to rely on information provided by Construction Employers, without responsibility to perform independent investigation, unless Palmer receives an allegation or discovers evidence that a Construction Employer's reporting is inaccurate. Local Hire Reports shall detail each Construction Employer working on the Project Site, and shall include, at a minimum:
 - a. Residency of each Local Resident and At-Risk Resident hire;
 - b. Wage rates of each Local Resident and At-Risk Resident hire;
 - c. Hours of construction work performed by each Local Resident and At-Risk Resident hire (monthly and cumulative); and
 - d. Total hours performed by all construction workers on the Project Site (monthly and cumulative).
- F. Monitoring and Compliance. Palmer shall provide the Jobs Coordinator and the Compliance Reviewer with a Local Hiring Schedule and Local Hire Reports that shall provide the basis for establishing compliance with this Section.
1. Policies and Procedures. No later than-ninety (90) days following the issuance of all discretionary Project Approvals necessary to obtain building permits for the portion of the Project on Site A, provided that no litigation has been filed challenging those Project Approvals or, if so, that

the litigation is dismissed or Palmer prevails in it such that the Project Approvals are upheld in full and a judgment to that effect has become final, the Jobs Coordinator shall provide Palmer for its approval, which shall not be unreasonably withheld, policies and procedures for this Section V, that are consistent with the requirements of this Section. Palmer shall comply with the mutually agreed upon policies and procedures. The Jobs Coordinator shall refer all construction workers possessing required skills that satisfy the Local Hiring Goal or At-Risk Hiring Goal to Palmer.

2. Goal Achievement. If Palmer has met or exceeded the Local Hiring Goal and the At-Risk Hiring Goal upon the completion of Project construction, Palmer shall be in compliance with this Section V.
3. Other Demonstrations of Compliance. If Palmer has not met the Local Hiring Goal or the At-Risk Hiring Goal upon the completion of Project construction, but Palmer has substantially and in good faith performed the requirements of this Section V and documented the list of required activities below, Palmer shall be deemed in compliance with this Section V even if any Construction Employer on an individual basis fails to comply with the requirements of this Section or the list of required activities below:
 - a. Develop and submit a Local Hiring Schedule 30 days prior to construction start;
 - b. Contractually agree to comply with this Section and obtain letters of assent from each Construction Employer;
 - c. Work with the Jobs Coordinator; regularly contact and document contact with the Jobs Coordinator;
 - d. Use and document the use of the Jobs Coordinator-approved craft request forms to be sent to the Jobs Coordinator;
 - e. Document waiting period for requested referrals and any lack of responses from the Jobs Coordinator;
 - f. Document reasons for not hiring candidates referred by the Jobs Coordinator to meet Local Hiring Goal or At-Risk Hiring Goal, if applicable;
 - g. Submit quarterly Local Hire Reports in a timely manner; and
 - h. Allow the Jobs Coordinator and the Compliance Monitor reasonable access to documentation of those activities- in a timely manner.

4. **Liquidated Damages for Non-Compliance.** If Palmer has not met the Local Hiring Goal or the At-Risk Hiring Goal and has not substantially and in good faith performed the requirements of this Section V and documented performance of the list of required activities in Section V.F.3, Palmer shall pay liquidated damages to the Community Benefits Fund in the amount of \$168 (\$21 per hour) for each work-day by which performance fell short of the Local Hiring Goal or the At-Risk Hiring Goal. A work-day is defined as eight (8) hours of work for one employee.

VI. PERMANENT JOBS

- A. **Purpose.** The purpose of this Section is to facilitate the employment of local low-income job applicants in permanent, quality employment positions associated with the Project.
- B. **Permanent Jobs Funding.** Palmer shall pay a total of \$300,000 to the Community Benefits Fund: \$200,000 of which shall only be used to fund job training and referral services, including training and referral of workers for employment with Permanent Employers; and \$100,000 of which shall be used by Coalition Organizations for the purposes of monitoring, implementing and enforcing this Program.
 1. **Timing of Distribution of Funds.** Palmer shall pay \$200,000 to the Community Benefits Fund no later than six (6) months prior to occupancy by the first retail or residential tenant of the Project. Palmer shall pay the remaining \$100,000 to the Community Benefits Fund within thirty (30) days of the issuance of the first Certificate of Occupancy for any residential or retail portion of the Project.
- C. **Permanent Jobs First Source Hiring Requirements.**
 1. **Local Resident Hiring Requirement.** Palmer shall use its best efforts to achieve the goal of having at least forty (40) percent of employee hours of On-Site Work performed in the aggregate for the Project's Permanent Employers be worked by Local Residents (the "Permanent Hiring Goal"). Employees of the Health and Wellness Center and employees providing health promotion services through the funding provided under Section III.D who are Local Residents shall be counted towards the Permanent Hiring Goal to the extent inclusion of such employees helps achieve the Permanent Hiring Goal.

2. Hiring process.

- a. Long-Range Planning. Within a reasonable time after the information is available following agreement by a Permanent Employer to commence operations within the Project, the Permanent Employer shall provide to the Referral System, as defined in Section VI.C.3, a written description of the approximate number and type of jobs that will need to be filled and the basic qualifications necessary.
- b. Notification of Job Opportunities. Prior to hiring for any job for performance of On-Site Work, the Permanent Employer will notify the Referral System of available job openings and provide a description of job responsibilities and qualifications, including expectations, salary, work schedule, duration of employment, required standard of appearance, and any special requirements (e.g. language skills, drivers' license, etc.). Job qualifications shall be limited to skills directly related to performance of job duties, in the reasonable discretion of the Permanent Employer.
- c. Hiring. The Permanent Employer may at all times consider applicants referred or recruited through any source. When making initial hires for the commencement of the Permanent Employer's operations in the Project, the Permanent Employer will hire only Local Residents until the earlier of a three-week period following the notification of job opportunities described above or the Permanent Hiring Goal is met, based on the number of job opportunities then available for that Permanent Employer. When making hires after the commencement of operations in the Project, the Permanent Employer will hire only Local Residents for a five-day period following the notification of job opportunities, unless the Permanent Hiring Goal has already been met, based on the number of job opportunities then available for that Permanent Employer. During such periods, Permanent Employers may hire Local Residents recruited or referred through any source. During such periods Permanent Employers will use normal hiring practices, including interviews, to consider all applicants referred by the Referral System. After such periods, Permanent Employers

shall make good-faith efforts to hire Local Residents, but may hire any applicant recruited or referred through any source.

- d. **No Referral Fees.** Permanent Employers shall not be required to pay any fee, cost or expense of the Referral System or any potential employees referred to the Permanent Employer by the Referral System in connection with such referral.
 - e. **Reporting and Recordkeeping.** Palmer will provide reports to the Coalition Organizations' Representative regarding the number, by job classification, of Local Residents hired by the Permanent Employers during the previous reporting period and the total number of employees hired by the Permanent Employers during the previous reporting period (as provided below). In compiling these reports, Palmer shall be entitled to rely on information provided by Permanent Employers, without responsibility to perform independent investigation, unless Palmer receives an allegation or discovers evidence that a Permanent Employer's reporting is inaccurate. Each Permanent Employer shall retain records sufficient to assess compliance with requirements of this Section VI.C, including records of referrals from the Referral System, job applications, and number of Local Residents hired. These reports shall be provided quarterly for the first year following commencement of operations of any retail uses on Site A, and then annually thereafter. These reports shall be provided within thirty days after the end of the preceding reporting period.
3. **Referral System.** Coalition Organizations shall create and implement a referral system to refer qualified, trained applicants to Permanent Employers (the "Referral System"). After receiving notification of job openings from a Permanent Employer, the Referral System will attempt to promptly identify and refer to the Permanent Employer Local Residents and other applicants that meet the Permanent Employer's requested qualifications. The Referral System shall prioritize referrals in the following order:
- a. **First Priority:** Local Residents residing within a two-mile radius of the Project;
 - b. **Second Priority:** Local Residents residing within a five mile radius of the Project;

- c. Third Priority: other applicants meeting the Permanent Employer's requested qualifications.

D. Living Wage Requirement. Palmer shall ensure that 60% of the jobs in the Project performed for Permanent Employers for On-Site Work are Living Wage Jobs, as defined below (the "Living Wage Requirement"). Palmer and the Coalition Organizations agree that this is a reasonable requirement in light of all of the circumstances. Compliance with this requirement shall be measured every five years from issuance of the first Certificate of Occupancy for the residential or retail portion of the Project. Employees of the Health and Wellness Center and employees providing health promotion services through the funding provided under Section III.D shall be counted towards the Living Wage Requirement to the extent inclusion of such employees helps achieve the Living Wage Requirement.

- a. **Definition of Living Wage Jobs.** For purposes of this Program, the following jobs shall be considered Living Wage Jobs:

- i. jobs covered by the City's Living Wage Ordinance;
- ii. jobs for which the employee is paid on a salaried basis at least \$20,600 per year if the employee is provided with employer-sponsored health insurance, or \$23,100 per year otherwise (these amounts will be adjusted in concert with cost-of-living adjustments to wages required under the City's Living Wage Ordinance);
- iii. jobs for which the employee is paid at least \$10.30 per hour if the worker is provided with employer-sponsored health insurance, or \$11.55 per hour otherwise (these amounts will be adjusted in concert with cost-of-living adjustments to wages required under the City's Living Wage Ordinance); and
- iv. jobs covered by a collective bargaining agreement.

- b. **Compliance Calculation.** The percentage of Living Wage Jobs in the Project will be calculated as the number of workers performing On-Site Work for Permanent Employers in jobs that qualify as Living Wage Jobs, divided by the total number of employees performing On-Site Work for Permanent Employers.
- c. **Reporting Requirements.** Palmer will provide an annual report to the Coalition Organizations' Representative regarding the percentage of jobs in the Project that

are Living Wage Jobs. The report will contain Project-wide data as well as data regarding each Permanent Employer. Data regarding Permanent Employers will not include precise salaries; rather, such data will only include the number of jobs and the percentage of these jobs that are Living Wage Jobs. If the report indicates that the Living Wage Requirement is not being met, Palmer will include as part of the report a discussion of the reasons why that is the case. In compiling this report, Palmer shall be entitled to rely on information provided by employers, without responsibility to perform independent investigation, unless Palmer receives an allegation or discovers evidence that an employers' wage reporting is inaccurate. This report shall be filed for any given year or partial year by April 30th of the succeeding year.

E. Compliance.

- a. **Permanent Hiring Goal.** If Palmer and its Permanent Employers have substantially and in good faith complied with the hiring process in Section VI.C.2, Palmer shall be in compliance with the Permanent Hiring Goal even if it has not met the Permanent Hiring Goal in any one (1) year period. If Palmer has met the Permanent Hiring Goal for its own employees, but has not met the Permanent Hiring Goal when accounting for the employees of other Permanent Employers, Palmer shall nonetheless be in compliance with the Permanent Hiring Goal if Palmer includes in the annual report written evidence demonstrating best efforts to enforce the Permanent Hiring Goal on Permanent Employers, which evidence may include, but shall not be limited to, issuance of default or other enforcement letters under leases with Permanent Employers for failure to assist Palmer in meeting the Permanent Hiring Goal. If Palmer has not substantially and in good faith complied with the hiring process in Section VI.C.2 and has not met the Permanent Hiring Goal in any one (1) year period, Palmer agrees to pay into the Community Benefits Fund \$21 per hour for each hour short of the Permanent Hiring Goal in that year.
- b. **Living Wage Requirement.** Palmer shall be deemed in compliance with the Living Wage Requirement if the requirement is met on average over the 5-year period, even if in any one year during the five-year period, less than 60% of the jobs in the Project performed for Permanent Employers for On-Site Work are Living Wage Jobs. If Palmer has met the Living Wage Requirement for its own employees, but has not met the Living Wage Requirement when accounting for the employees of other Permanent Employers, Palmer shall nonetheless be in compliance with the Living Wage Requirement if Palmer includes in the annual report written evidence demonstrating best efforts to enforce the Living Wage Requirement on Permanent Employers, which evidence may include, but shall not

be limited to, issuance of default or other enforcement letters under leases with Permanent Employers for failure to assist Palmer in meeting the Living Wage Requirement. If Palmer has not met the Living Wage Requirement at the end of the 5-year compliance period established in Section VI.D, Palmer agrees to pay into the Community Benefits Fund \$21 per hour for each hour short of the Living Wage Requirement during that 5-year compliance period.

VII. SMALL BUSINESS

- A.** Purpose. The purpose of this Section is to promote small business development in the area surrounding the Project and the 23rd Street Exposition Light Rail Station. With the understanding that the South Los Angeles Area already suffers from a lack of technical assistance and financial investment in commercial areas, the goal is to provide economic opportunities that are not currently readily accessible to small business owners in the South Los Angeles community.
- B.** Funding for Small Businesses. Palmer shall pay a total of \$300,000 to the Community Benefits Fund, which shall only be used to create and facilitate the use of a revolving loan fund for small businesses in South Los Angeles.
1. Timing of Distribution of Funds. Palmer shall pay \$200,000 to the Community Benefits Fund no later than six (6) months prior to occupancy by the first retail or residential tenant of the Project. Palmer shall pay the remaining \$100,000 to the Community Benefits Fund within thirty (30) days of the issuance of a Certificate of Occupancy.
- C.** Local Small Business Space. Palmer shall set aside ten (10) percent of the Project's retail space for Local Small Businesses (the "Reserved Space"). The Reserved Space shall be provided to Local Small Businesses at a discount off of market rate rents for a ten (10) year period. The discounted rates will be the following:
1. Years 1-3: fifty (50) percent market value rent discount;
 2. Years 4-7: twenty-five (25) percent market value rent discount; and
 3. Years 8-10: ten (10) percent market value rent discount.
- D.** Small Business Referrals. An entity selected by Coalition Organizations shall identify and refer Local Small Businesses to Palmer as potential retail tenants in the Project. These referrals by the entity selected by Coalition Organizations shall be given priority consideration for the Reserved Space, which consideration shall result in leasing of available Reserved Space unless Palmer has a good faith

reason for selecting another tenant who conforms to the definition of Local Small Business.

- E. **Monitoring.** Palmer shall provide annual reports to Coalition Organizations' Representative starting one year from the date retail operations of the Project commence identifying the percentage of retail space in the Project occupied by Local Small Businesses.

VIII. FUNDING FOR TRANSIT ORIENTED DEVELOPMENT STRATEGIES

- A. **Purpose.** The purpose of this Section is to promote transit oriented development strategies and designs and/or implementation of those strategies in the communities surrounding the Project Site and in South Los Angeles. The goal of these provisions is to establish a fund to improve transit oriented designs and create smart growth projects, so as to avoid conflicts with the local community's access to transit.
- B. **Funding.** Palmer shall pay a total of \$200,000 to the Community Benefits Fund, which shall only be used to improve and facilitate transit oriented development strategies and smart growth strategies in South Los Angeles, and may not be used to specifically oppose any development project proposed by Palmer or the Palmer Releasees. This provision does not preclude use of such funds to support development of generalized policies regarding Transit Oriented Development and other smart growth practices or proposed means to improve any project, including any development project proposed by Palmer or the Palmer Releasees.
 - 1. **Timing of Distribution of Funds.** Palmer shall pay \$100,000 to the Community Benefits Fund no later than the issuance of a building permit for the Project's residential units. Palmer shall pay the remaining \$100,000 to the Community Benefits Fund within thirty (30) days of the issuance of a Certificate of Occupancy.

IX. POTENTIAL RE-ALLOCATION OF FUNDS

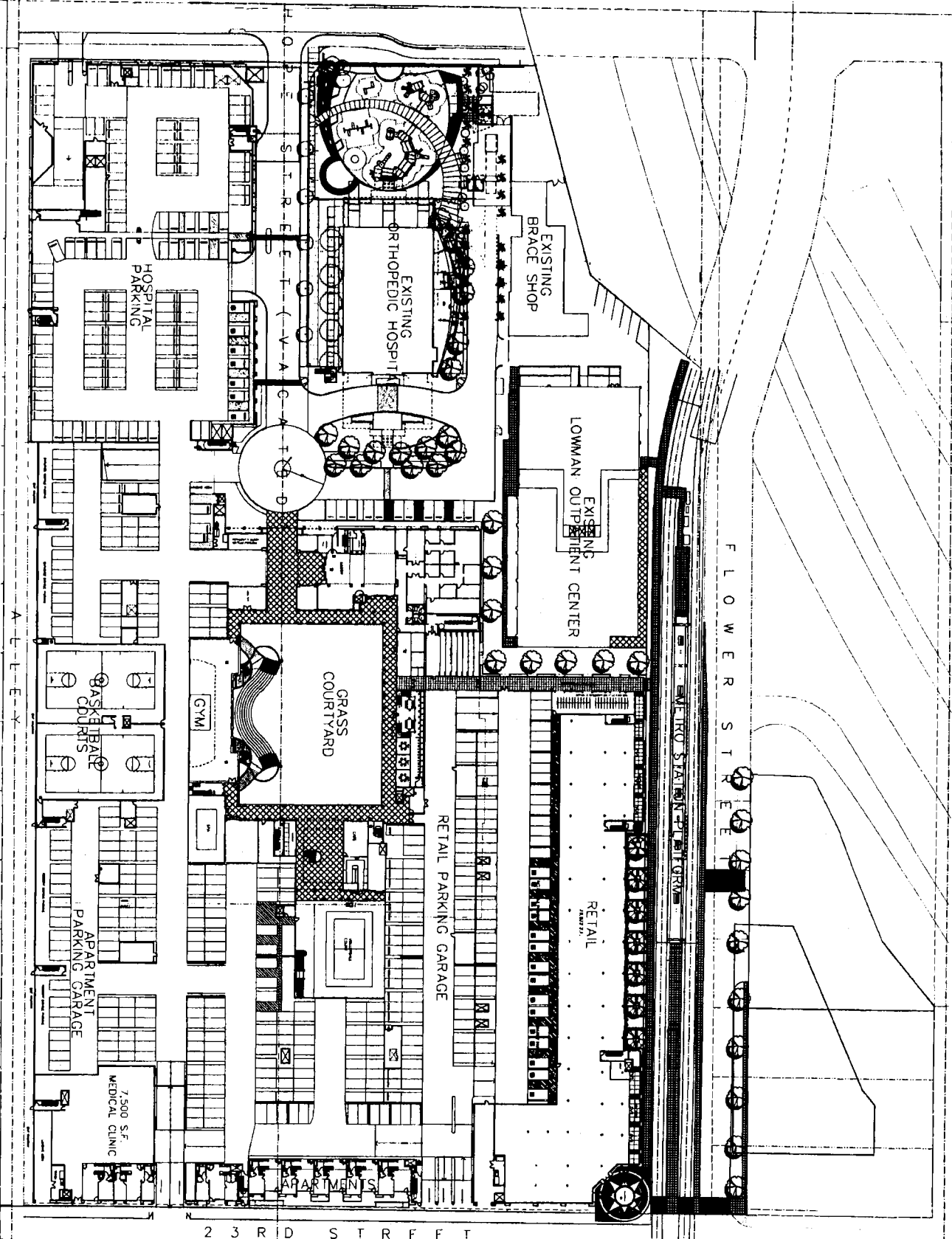
The Coalition Organizations may, in their discretion, use any of the funds paid to the Community Benefits Fund for any of the purposes detailed in this Program or for the administration, oversight, or enforcement of this Program or the Cooperation Agreement, without regard to the provisions in this Program discussing the currently planned uses for such funds. The Coalition Organizations shall not use any of the funds paid to the Community Benefits Fund for any other purposes. The Coalition Organizations shall have discretion to establish terms and procedures through which the entity holding the

Community Benefits Fund shall maintain and distribute such funds, so long as such terms and procedures, and the uses of such funds, are consistent with terms of this Program.

EXHIBIT 1

APPROXIMATE LOCATION OF HEALTH AND WELLNESS CENTER

ADAMS BOULEVARD



GENERAL NOTES:
 1. SEE EXISTING PLAN FOR ALL UTILITIES.
 2. ALL DIMENSIONS ARE TO FACE UNLESS NOTED OTHERWISE.

NOTES:
 1. SEE EXISTING PLAN FOR ALL UTILITIES.
 2. ALL DIMENSIONS ARE TO FACE UNLESS NOTED OTHERWISE.
 3. SEE EXISTING PLAN FOR ALL UTILITIES.

GROUND FLOOR PARKING PLAN
 SCALE: 1/8" = 1'-0"

23RD STREET

FLOWER STREET

23RD STREET

A32

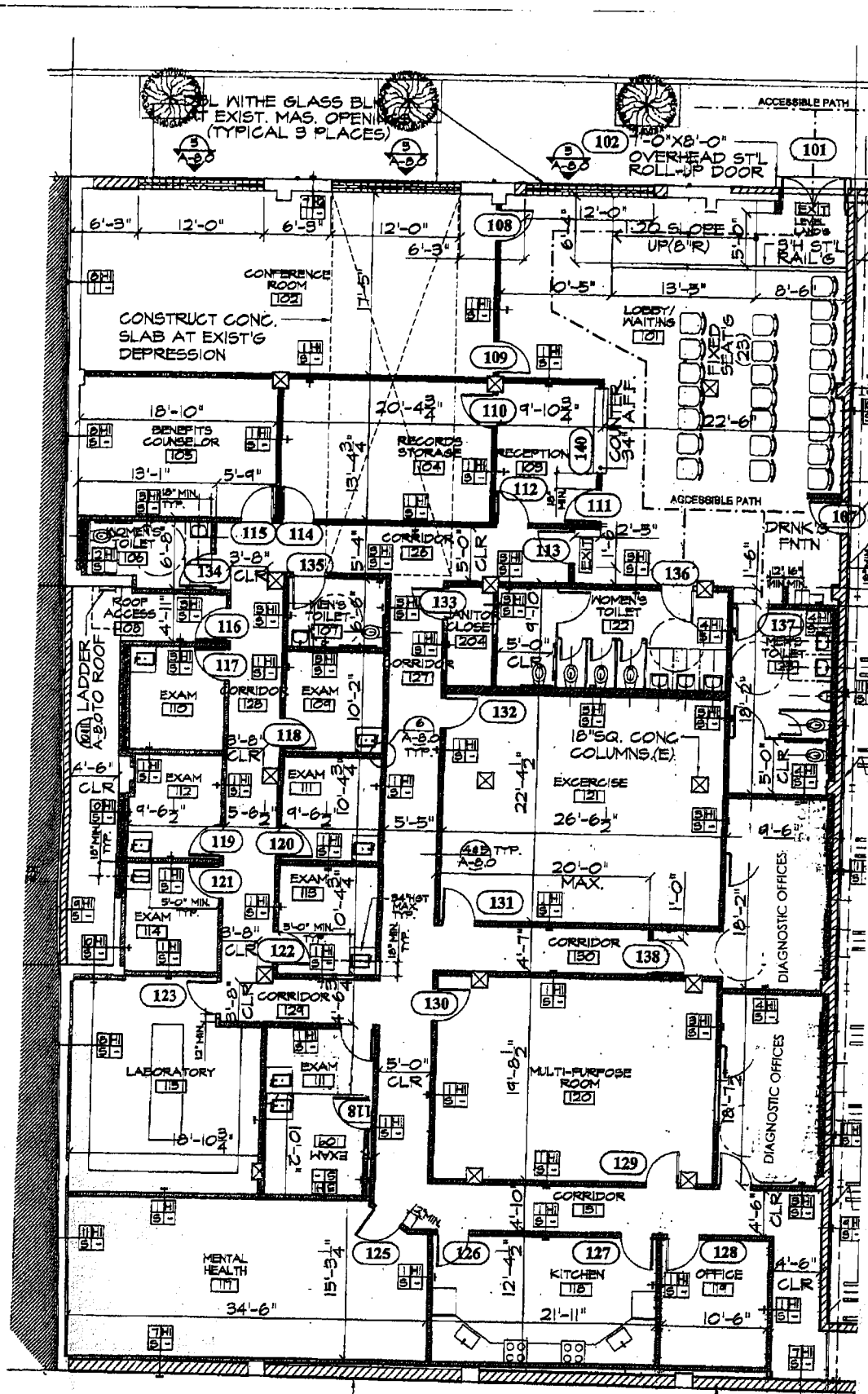
THE LORENZO
 A RESIDENTIAL COMMUNITY AT 23RD ST. AND FLOWER
 FOR G.H. PALMER ASSOCIATES

NELSON/BOIVIN-ARCHITECTS
 2104 CLEVELAND ST., TORRANCE, CALIFORNIA 90503 (310) 455-1811
 1500 SHERMAN WAY, SUITE 200, CULVER CITY, CALIFORNIA 90230 (310) 754-2121

Exhibit 1-1

EXHIBIT 2

SAMPLE DESIGN SCHEMATIC OF HEALTH AND WELLNESS CENTER



GLASS BL...
 EXIST. MAS. OPEN...
 (TYPICAL 3 PLACES)

102 7'-0" X 8'-0"
 OVERHEAD STL
 ROLL-UP DOOR

CONSTRUCT CONC.
 SLAB AT EXIST'G
 DEPRESSION

LOBBY/
 WAITING

ACCESSIBLE PATH

ROOF
 ACCESS

DIAGNOSTIC OFFICES

DIAGNOSTIC OFFICES

CLOSE ALL EXISTING
 WINDOW OPENINGS
 WITH MASONRY INFILL
 (TYPICAL)

EXHIBIT 3

SAMPLE DENSITY BONUS AGREEMENT BETWEEN LAHD AND PALMER

OFFICIAL BUSINESS

Document entitled to free
Recording per Government Code
Section 6103

Recorded at the request of and mail to:

**DENSITYBONUS-
W/PARKING COMBINED**

Los Angeles Housing Department
Housing Services Section
P.O. Box 532729
Los Angeles, California 90053-2729
Attn: Manager

-----SPACE ABOVE THIS LINE FOR RECORDER'S USE-----

**RENTAL COVENANT AGREEMENT RUNNING WITH THE LAND
CITY OF LOS ANGELES
AGREEMENT NUMBER _____ OF CITY CONTRACTS**

This Agreement is made this _____ day of _____, 2009, by and between the City of Los Angeles (aCity@), a municipal corporation, acting by and through the Los Angeles Housing Department (aDepartment@) of the City of Los Angeles, and [OWNER NAME], a [STATE] [OWNERSHIP TYPE] (aOwner@).

RECITALS

WHEREAS, Owner is the record owner of that certain real property located at and commonly known as [PROPERTY STREET ADDRESS], in the City of Los Angeles, County of Los Angeles, State of California ("Property"), legally described as set forth in Exhibit "A", attached hereto and incorporated herein by this reference; and

WHEREAS, Owner intends to develop, rehabilitate, or legalize one or more residential units on the Property (hereinafter "the Project"). In connection therewith, Owner has sought and has or will receive a density bonus under Government Code Section 65915 and Los Angeles Municipal Code Section 12.22 A.25, which provide for a density bonus of up to a maximum of 35%, by-right parking incentive and possible additional incentives or concessions, and/or discretionary land use approval(s) by the City's Planning Department; and

[OWNER NAME]
[PROPERTY STREET ADDRESS]

WHEREAS, as a requirement for the award of a density bonus or as a condition of the discretionary approval(s) of the Project, Owner must set aside a certain number of Restricted Units for rent to income eligible households so as to provide affordable housing opportunities to very low income, low income and/or moderate income households, and possibly seniors and to improve housing design standards to meet the housing needs of the City's population. It is the desire of the City and Owner to enter into this Agreement to ensure that such requirement or condition is fully complied with and to provide for the terms and conditions of the rental of Restricted Units at affordable prices as set forth in Exhibit "B", which is attached hereto and incorporated herein by this reference; and

WHEREAS, the Department is authorized to execute and enforce covenants and agreements implementing affordable housing requirements; and

WHEREAS, the parties agree that because the Owner will receive from the City a [DESCRIPTION OF CONCESSIONS], resulting in a [TOTAL NUMBER OF UNITS] [(#)]-unit Property, approved pursuant to Government Code Section 65915, Charter Section 562, and/or the provisions of Los Angeles Municipal Code ' 12.22 A.25, ' 12.27, ' 14.00A.2., ' 17.11, ' 19.01.D, ' 19.01.0, ' 19.05.A.1, and ' 19.05A.5, that it is therefore appropriate that the Owner provide [NUMBER OF RESTRICTED UNITS] [(#)] Restricted Unit(s); and

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]; and

WHEREAS, the Department administers and coordinates various local, state and federal public funding sources to promote the production of affordable housing citywide; and

WHEREAS, the Owner has or will receive public funding for the Project, including [STATE

OWNER NAME]
PROPERTY STREET ADDRESS]

FUNDING SOURCES OR TAX CREDITS] and in connection therewith will provide a total of [NUMBER] [#] of affordable units at the Project, the Project will be considered to be a Public Benefit Project by the Department; and

WHEREAS, pursuant to Los Angeles Municipal Code ' 14.00 Public Benefit Projects and ' 12.22 A.25, the Los Angeles Housing Department has the authority to select the appropriate governmental standard for determining affordable rents and mortgage amounts for restricted affordable units; and

WHEREAS, it is the intent of the parties that the Restricted Unit(s) herein, shall be continuously held, may only be sold or conveyed subject to the limitations, restrictions, covenants and conditions provided for in this Agreement for the benefit of the City, which is the owner of the public streets and areas adjoining the Property; and

WHEREAS, these provisions are for the purpose of enabling only Eligible Households to rent the Restricted Unit(s).

NOW THEREFORE, in consideration of the mutual covenants and representations herein contained, the parties hereto covenant, represent and agree as follows:

[OWNER NAME]
[PROPERTY STREET ADDRESS]

1. Fundamental Provisions:

- (a) Property Address: _____

- (b) City Plan Case No.: _____
- (c) Building Permit Application No.: _____
- (d) Plan Check No. : _____
- (e) Total Number of Residential Units in the Property: _____
- (f) Total Number of Restricted Units in the Property: _____
- (g) Total Number of Senior Units: _____

(h) Allocation of Affordable Units:

BEDROOM SIZE	VERY LOW/% AMI	LOW/% AMI	MODERATE/% AMI	TOTAL
0 OR SRO				
1 BEDROOM				
2 BEDROOMS				
3 BEDROOMS				
4 BEDROOMS				
TOTAL				

(i) Owner's Address for Notices:

(j) Owner's Representative:

<u>[OWNER NAME]</u> <u>[OWNER ADDRESS]</u> <u>[CITY, STATE ZIP CODE]</u> <u>[OWNER TELEPHONE NUMBER]</u>	<u>[REPRESENTATIVE NAME]</u> <u>[OWNER ADDRESS]</u> <u>[CITY, STATE ZIP CODE]</u> <u>[OWNER TELEPHONE NUMBER]</u>
---	--

[OWNER NAME]
[PROPERTY STREET ADDRESS]

2. Definitions.

For purposes of this Agreement, the terms listed below shall have the meanings thereafter specified.

(a) Agreement. "Agreement" means this Rental Covenant Agreement Running with the Land between the City and the Owner.

(b) Eligible Household. "Eligible Household" means a household that qualifies as a [LOW OR VERY LOW] Income Household whose eligibility has been certified by the Department. For reference purposes, the eligibility income requirements are enumerated in Exhibit "B," attached hereto and incorporated herein by this reference.

(c) Household Income. "Household Income" means the current gross amount of income of all adult household members that is anticipated to be received during the coming twelve (12)-month period, including the income of temporarily absentee family members, welfare assistance payments, and other such criteria determined in accordance with the definition of Annual Income found in 24 CFR 5.609, formerly referred to as the Section 8 definition of income.

[Remainder of this page intentionally left blank.]

[OWNER NAME]
[PROPERTY STREET ADDRESS]

(d) Income Adjustment Factor. The "Income Adjustment Factor" is used to establish the maximum monthly Rent for a Restricted Unit. The "Income Adjustment Factor" shall be the following figures based upon the corresponding number of persons of a household in a Restricted Unit, as periodically published by the U.S. Department of Housing and Urban Development (HUD):

<u>Persons in Household</u>	<u>Income Adjustment Factor</u>
1	0.7
2	0.8
3	0.9
4	1.00
5	1.08
6	1.16
7	1.24
8	1.32

(e) Income Levels. Very Low Income is defined as 50% or less of the Area Median Income (AMI), Low Income is defined as 80% or less than the AMI, and Moderate Income is defined as two (2) times the amount designated as Very Low Income as published by the U.S. Department of Housing and Urban Development (HUD) for the County of Los Angeles, adjusted by household size and as updated by HUD.

(f) Low Income Household. A "Low Income Household" is defined as a household whose Household Income is at or below the amount designated as "Low Income" for Los Angeles County by the California Department of Housing and Community Development ("HCD"), or HUD, adjusted by household size and as annually updated by the applicable agency.

(g) Median Income. "Median Income" is based on the County of Los Angeles Median Income, as determined by HCD or HUD, as applicable, and published periodically, and adjusted by household size. Median Income is further adjusted, by the Department or its successor, for state and federal exemptions and allowances to determine the Net Median

[OWNER NAME]
[PROPERTY STREET ADDRESS]

7

Income.

(h) Net Median Income. "Net Median Income" is defined as Median Income adjusted for expenses and taxes by the Department or successor, to reflect state and federal income tax requirements.

(i) Owner. "Owner" means each person or entity holding a record ownership interest in the Property, their successors and assignees, transferees, heirs, executors, or administrators. Owner shall not include persons or entities who hold an interest merely as security for the performance of an obligation. Owner shall not include persons or entities after they have ceased to hold a record ownership interest in the Property.

(i) Property. "Property" means that certain real property located at [PROPERTY STREET ADDRESS], in the City of Los Angeles, County of Los Angeles, State of California, legally described as set forth in Exhibit "A".

(j) Rent - Density Bonus "Rent" means the consideration, including any bonus, benefits, or gratuity, demanded by or received by a landlord for, or in connection with, the use or occupancy of a rental unit or the assignment of a lease for such a unit, including, but not limited to, monies demanded or paid for parking, furnishings or housing services provided to all tenants at no additional rent, or subletting, but not including payments for utilities. Rent may not exceed thirty percent (30%) of [PERCENTAGE] percent ([#%]) of the Net Median Income as established by the Department from time to time to reflect HCD updates of Median Income estimates, which is then divided by twelve (12).

(k) Rent - Non-Density Bonus Restricted "Rent" means the consideration, including any bonus, benefits, or gratuity, demanded by or received by a landlord for, or in connection with, the use or occupancy of a rental unit or the assignment of a lease for such a unit, including, but not limited to, monies demanded or paid for parking, furnishings or housing services provided to all tenants at no additional rent, or subletting, but not including payments for utilities. Rent may not exceed thirty percent (30%) of the amount designated as _____ [Very Low or Low] -Income for Los Angeles County by HUD, which is then divided by twelve (12), as set forth in Exhibit "B."

(l) Restricted Unit - Density Bonus. "Restricted Unit" shall be a (describe – e.g. three-bedroom) dwelling unit in the Property rented to a [LOW OR VERY LOW] Income Household at a maximum monthly Rent determined as hereinafter set forth in Exhibit "B." The

[OWNER NAME]
[PROPERTY STREET ADDRESS]

allocation of the restricted unit/s is (e.g. six (6) one-bedroom units and 25 two-bedroom units) as set forth in Section 1(h) of the Fundamental Provisions.

(m) Restricted Unit - Non-Density Bonus "Restricted Unit" shall be **all** affordable restricted dwelling units in the Property not affected by Density Bonus rented to [Low or Very Low]-Income Households at a maximum monthly Rent as set forth in Exhibit "B."

(n) Senior Household. "Senior Household" is defined as a household in which at least one person related by blood, marriage, or adoption is sixty-two (62) years of age or older, with no dependent children, or fifty-five (55) years of age or older in a senior citizen housing development, with no dependent children.

(o) Very Low Income Household. A "Very Low Income Household" is defined as households whose Household Income is at or below the amount designated as "Very Low Income" for Los Angeles County by HCD or HUD, adjusted by household size and as annually updated by the applicable agency.

3. Term.

The covenants and conditions herein contained shall run with and burden the Property for a period of no less than thirty (30) years for the Density Bonus Units and [TERM OF AFFORDABILITY] ([#] in TCAC Regulatory) years running concurrently for all the remaining restricted units, from the date of the Certificate of Occupancy in accordance with the provisions hereof. Owner shall expressly make the conditions and covenants in this Agreement a part of any deed or other instrument conveying any interest in the Property.

4. Condominium Conversions.

Owner shall not convert Restricted Units to condominiums or cooperative ownership or sell condominium or cooperative conversion rights to the Restricted Units during the term of the Agreement.

5. Tenant Qualification.

The Restricted Unit(s) within the Property shall be reserved and rented for the purposes set forth in Section 1(h), and the monthly rentals for the Restricted Units shall be established as hereinafter provided in Exhibit "B".

6. Rental Restrictions.

[OWNER NAME]
[PROPERTY STREET ADDRESS]

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(a) The Restricted Units shall be rented only to Eligible Households. The maximum rental rates for the Restricted Units are enumerated in Exhibit "B", and are determined in accordance with the formula set forth below. Such rental rates are thirty percent (30%) of the corresponding percentage of the Net Median Income, divided by twelve (12).

(b) The maximum monthly Rent for a Restricted Unit may be increased, when Median Income figures are increased, but no more than one (1) time per year in any twelve (12) consecutive month period. It is the responsibility of the Owner to contact the Department to receive the periodic changes in affordability restrictions. Such increased rent shall not exceed the applicable annual Rent determination, as determined by the Department.

(c) Owner agrees to notify the Department, in writing, when the Property is within thirty (30) days of issuance of a Certificate of Occupancy. No Certificate of Occupancy is to be issued until the Department makes final determination of compliance.

(d) Owner agrees to notify Department within thirty (30) days, in writing, each time a Restricted Unit becomes vacant.

(e) Owner shall make the selection of any Eligible Household to occupy a Restricted Unit.

(f) The Restricted Unit(s) provided for under this Agreement shall be administered by the Owner, including tenant selection, lease-up, rent collection, property maintenance, and eviction procedures, among others.

(g) Owner shall verify the prospective Eligible Households' eligibility using the Eligible Households' income tax records or other records deemed appropriate by the Department, and shall require from each Eligible Household, a statement that such Eligible Household's Income from all sources does not exceed allowable limits. This statement is signed by the Eligible Household under penalty of perjury.

(h) Owner shall request the Department to certify the eligibility for any prospective Eligible Household, by submitting required documentation, as determined by the Department.

(i) **Fees and Penalties.** In the event that Owner fails to reasonably verify the

[OWNER NAME]
[PROPERTY STREET ADDRESS]

prospective Eligible Household's eligibility per Section 6(g) and rents to a tenant whose Household Income exceeds the permissible limits, Owner agrees to pay to the Department, all rents received for each day of occupancy by such unqualified tenants.

- (j) Within ten (10) business days of the complete submission of all required income eligibility documents, the Department shall furnish Owner with:
- (1) a determination that the prospective renter is an Eligible Household; or
 - (2) a determination that the prospective renter is not an Eligible Household; or
 - (3) a statement that specified additional information is required to enable the Department to make its determination.

The time frame of ten (10) business days shall begin to run only if and upon the submission by Owner of full and complete required documentation as specified by the Department.

(k) **Repayment.** In the event Owner rents the Restricted Unit(s) at a rental above those specified in Exhibit "B", Owner agrees to repay the Eligible Household, the difference between the rental charged and that allowed in this Agreement for the period that the disallowed Rent was being charged and provide written proof of such repayment to the Department within ten (10) days of such repayment.

(l) Owner shall maintain books and records to the satisfaction of the Department verifying renter's eligibility, Rent being charged and proper maintenance of the Restricted Unit(s). Such books and records shall be made available for inspection by the Department at any time with two (2) business days notice.

(m) On an annual basis the Owner shall provide the Department with a copy of an occupancy summary report showing the present occupants, Rent, and size of the Restricted Unit(s) in the Property, and any other information which the Department requests and which relates to the eligibility of these households. If the household size of a previously approved Eligible Household changes, Owner is required to provide the Department additional income documentation, if applicable, to determine eligibility. If the previously approved Eligible Household is found no longer to be an Eligible Household, such Restricted Unit will continue to be treated as a Restricted Unit until the next available unit of comparable size in the Property is rented to a person who qualifies for a Restricted Unit. **(See Section 7 - Annual**

Determinations).

(n) **Fees.** On a date designated by the Department and annually on that date thereafter, Owner agrees to reimburse the Department a minimum of \$135 annually per Restricted Unit to offset the cost of performing the duties and responsibilities of this Agreement. *[This provision is not applicable for housing developments receiving a funding commitment from the federal HOME Investment Partnership program or Community Development Block Grant program.]*

(o) If at any time, beginning immediately after the date of the notice described in Section 6(d), a Restricted Unit is vacant and offered for rent for a continuous period of two (2) months, the Department may refer to Owner Eligible Households interested in renting such Restricted Unit. If the Department makes such referrals to Owner, and Owner refuses to rent to such Eligible Households without good reason, in the judgment of the Department, the Department may exercise its right to place the Eligible Household of its choice in the Restricted Unit. The Owner will continue to be responsible for compliance with stated terms of the Agreement.

(p) If the Property is transferred in any manner or is acquired at a foreclosure sale under any deed of trust or mortgage encumbering the Property and/or improvements thereon or by deed in lieu of foreclosure prior to the time the Restricted Unit(s) are constructed, title to the Property shall be taken subject to the limitations provided for herein.

(q) If the Restricted Unit(s) are transferred in any manner or are acquired at a foreclosure sale under any deed of trust or mortgage encumbering the Restricted Units or by a deed in lieu of foreclosure, then the transferee, as Owner, shall be subject to all the conditions, limitations and restrictions provided for in this Agreement.

7. Annual Determinations.

Upon initial occupancy and, at least annually thereafter, the Owner shall determine and certify the Household Income of each Eligible Household. If, upon any such annual certification, the tenant of a Restricted Unit who was, at the last income certification, an Eligible Household, is found no longer to be an Eligible Household, such Restricted Unit will continue to be treated as a Restricted Unit until the next available unit of comparable size in the Property is rented to a person who qualifies for a Restricted Unit. A Restricted Unit that has been vacated will continue to be treated as a Restricted Unit provided that reasonable attempts are made to rent the

Restricted Unit.

8. Utilization of Affordable Unit.

(a) Full Utilization. All Restricted Unit(s) required to be provided by this Agreement shall be leased or rented (i.e., no Restricted Unit(s) shall be withdrawn from the market) and fully utilized in a manner consistent with the Space and Occupancy Standards set forth in the Los Angeles Municipal Code, Chapter IX, Article 1, and the Uniform Housing Code, Chapter V.

(b) Owner agrees 1) to maintain and operate the Restricted Unit(s) so as to provide decent, safe, and sanitary housing; and 2) to provide the Restricted Unit(s) with the same level of services (including security), amenities, and maintenance as is provided to the other dwelling units on the Property. Such amenities that are provided to non-Restricted Unit(s) households include, but are not limited to, access to recreational facilities, parking, cable TV, and interior amenities such as dishwashers and microwave ovens. Optional services provided must be optional for all residents, and available to all under the same terms and conditions. All non-purchased incentives offered to non-Restricted Unit(s), such as free parking or reduced security deposit, must be equally offered to all residents of the Restricted Unit(s).

9. Right To Inspect.

The Department reserves the right to visit the Project site and inspect the Restricted Units for satisfactory compliance with this Agreement, any conditions of approval of the Project imposed by the Planning Department, City ordinances and requirements as applicable, and the City's Guidelines for the Affordable Housing Incentives Program.

10. Federal and State Laws.

Notwithstanding the above provisions, nothing contained herein shall require Owner or City to do anything contrary to or refrain from doing anything required by Federal and State laws and regulations promulgated thereunder applicable to the construction, management, maintenance, and rental of Restricted Units.

11. Successors and Assigns.

This Agreement shall be an equitable servitude and a covenant running with the land as a burden on the Property, shall be binding upon Owner and its successors and assigns in ownership of the Property and shall be binding upon and inure to the benefit of the City, and its successors, and assigns in the ownership or administration of the adjacent public streets. The

[OWNER NAME]
[PROPERTY STREET ADDRESS]

City reserves the right to designate another public agency to perform the City's obligations or to exercise the City's rights under this Agreement.

12. Prohibition Against Discrimination.

Owner shall not discriminate against any tenant or potential tenant on the basis of race, national origin, ancestry, religion, creed, sex, age, disability, marital status, sexual orientation, or medical condition, including the actual or perceived affliction of AIDS or the HIV virus. Owner further agrees to take affirmative action to ensure that no such person is discriminated against for any of the aforementioned reasons.

13. Affirmative Marketing of the Property.

During the initial lease up, and at the time a Restricted Unit is vacant, Owner shall make reasonable efforts to advertise to Eligible Households and encourage their participation in applying for and occupying a Restricted Unit.

14. Standing to Enforce Agreement.

Any violation of this Agreement may be considered and resolved through a Department administrative hearing procedure by the parties hereto, or their respective successors, heirs, and assigns. It is the responsibility of the Owner to contact the Department to receive information on this process. Owner and the City may seek a judicial review of the administrative proceedings.

15. Administrative.

The General Manager of the Department or the General Manager's designee shall have the authority to act on behalf of the Department, in carrying out the Department's obligations under this Agreement.

16. Notices.

All notices required under this Agreement shall be sent to Owner at the address set forth in Section 1(i), and to the City represented by the:

**LOS ANGELES HOUSING DEPARTMENT
ATTENTION: MANAGER
HOUSING SERVICES SECTION
1200 W. 7TH STREET, NINTH FLOOR
LOS ANGELES, CA 90017**

[OWNER NAME]
[PROPERTY STREET ADDRESS]

Any party may change the address to which notices are to be sent by notifying the other parties of the new address, in the manner set forth above.

17. Recording of Agreement.

The parties hereto shall cause this Agreement to be recorded in the Official Records of the County of Los Angeles.

18. Third-Party Right of Enforcement.

Pursuant to Ordinance No. 179681, effective April 15, 2008, which amended applicable provisions of the Los Angeles Municipal Code to implement a revised Density Bonus program as required by State law, the terms and provisions of this Agreement may be enforced by the City, any tenant of a Restricted Unit or Owner.

19. Governing Law. This Agreement shall be interpreted under and be governed by the laws of the State of California.

20. Counterparts. This Agreement may be executed in counterparts, each of which, when the parties hereto have signed this Agreement, shall be one and the same instrument.

21. Entire Agreement.

The provisions herein constitute the entire agreement between the parties hereto. Each party to this Agreement acknowledges that no representations, inducements, promises or agreements, orally or otherwise, have been made by any party or anyone acting on behalf of any party, which are not embodied herein, and that any other agreement, statement, or promise not contained in this Agreement shall not be valid or binding except more restrictive agreements. This Agreement may be amended only by a written instrument signed by both City and Owner.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

[OWNER NAME]
[PROPERTY STREET ADDRESS]

IN WITNESS WHEREOF, the City and the Owner have caused this Agreement to be executed by their duly authorized representatives.

APPROVED AS TO FORM:
CARMEN A. TRUTANICH, City Attorney

By: _____
Deputy City Attorney

Date: _____

ATTEST:
JUNE LAGMAY, City Clerk

By: _____
Deputy City Clerk

Date: _____

(Contractor Corporate Seal)

Executed this _____ day of _____, 2009
For: THE CITY OF LOS ANGELES

RUSHMORE D. CERVANTES
Interim General Manager
Los Angeles Housing Department

By: _____

Executed this _____ day of _____, 2009

For: OWNER
[OWNER NAME – if not an individual]
a [STATE] [OWNERSHIP TYPE - if applies]

By: _____
[NAME OF SIGNATORY]
Its [TITLE OF SIGNATORY]

By: _____
[NAME OF SIGNATORY]
Its [TITLE OF SIGNATORY]

Council File Number: _____

Date Council Adopted: _____

Said Agreement is Number _____
of City Contracts

[OWNER NAME]
[PROPERTY STREET ADDRESS]

EXHIBIT "A"

TRACT **LOT(s)** **COUNTY MAP REF #** **PARCEL ID #** **(PIN #)** **ASSESSOR PARCEL #**

LEGAL DESCRIPTION
(PROJECT ADDRESS)

All that certain real property located in the City of Los Angeles, County of Los Angeles, State of California, more particularly described as follows:

[LEGAL DESCRIPTION]

[Remainder of this page intentionally left blank.]

[OWNER NAME]
[PROPERTY STREET ADDRESS]

EXHIBIT "B"

HUD-BASED NON-DENSITY BONUS RESTRICTED UNITS

<u>BEDROOM SIZE</u>	<u>VERY LOW/%AMI</u>	<u>LOW/%AMI</u>	<u>MODERATE/%AMI</u>
SINGLE	\$		
ONE-BEDROOM	\$		
TWO-BEDROOM	\$		
THREE-BEDROOM	\$		
FOUR-BEDROOM	\$		

HCD-BASED DENSITY BONUS UNITS

<u>BEDROOM SIZE</u>	<u>VERY LOW/%AMI</u>	<u>LOW/%AMI</u>
SINGLE	\$	
ONE-BEDROOM	\$	
TWO-BEDROOM	\$	
THREE-BEDROOM	\$	
FOUR-BEDROOM	\$	

[OWNER NAME]
[PROPERTY STREET ADDRESS]

EXHIBIT B (continue)

HUD-BASED NON-DENSITY BONUS MAXIMUM ELIGIBLE INCOME LEVELS – 2009*

<u>HOUSEHOLD SIZE</u>	<u>VERY LOW/%AMI</u>	<u>LOW/%AMI</u>	<u>MODERATE%AMI</u>
1	\$		
2	\$		
3	\$		
4	\$		
5	\$		
6	\$		
7	\$		
8	\$		

HCD-BASED (DENSITY BONUS) MAXIMUM ELIGIBLE INCOME LEVELS – 2009*

<u>HOUSEHOLD SIZE</u>	<u>VERY LOW/%AMI</u>	<u>LOW/%AMI</u>
1	\$	
2	\$	
3	\$	
4	\$	
5	\$	
6	\$	
7	\$	
8	\$	

***These tables are subject to change to reflect HCD and/or HUD updates of income estimates as applicable.**

[Remainder of this page intentionally left blank.]