REPORT OF THE PRESIDENT AND CEO

RESOLUTION AUTHORIZING THE PRESIDENT AND CEO, OR DESIGNEE, TO ENTER INTO A THIRD AMENDMENT TO THE MASTER DEVELOPMENT AGREEMENT BY AND AMONG THE HOUSING AUTHORITY OF THE CITY OF LOS ANGELES, JORDAN DOWNS COMMUNITY PARTNERS, LLC, THE MICHAELS DEVELOPMENT COMPANY I, L.P., BRIDGE HOUSING CORPORATION, PRIMESTOR JORDAN DOWNS, LLC AND OMNIA 2020, LLC; A SUPPLEMENTAL AGREEMENT FOR ADDITIONAL SERVICES AND A PREDEVELOPMENT LOAN AND NOTE IN AN AMOUNT NOT TO EXCEED $1,838,100 WITH OMNIA 2020, LLC; A LICENSE AGREEMENT FOR THAT PORTION OF PROPERTY ON OR NEAR THE JORDAN DOWNS PUBLIC HOUSING SITE THAT ENCOMPASSES THE FUTURE SITE OF THE JORDAN DOWNS COMMUNITY CENTER AND CENTRAL PARK; AND THE EXECUTION OF RELATED DOCUMENTS AND AGREEMENTS TO INITIATE THE DESIGN, FUNDING AND CONSTRUCTION OF THE JORDAN DOWNS COMMUNITY CENTER AND CENTRAL PARK AND TO UNDERTAKE VARIOUS ACTIONS IN CONNECTION THEREWITH

Douglas Guthrie
President and CEO

Jeny Scanlin
Chief Strategic Development Officer

PURPOSE: To authorize the President and CEO of the Housing Authority of the City of Los Angeles ("HACLA" or "Authority"), or designee, to enter into Agreements with parties involved in the development of Jordan Downs to further the design, financing and development of key public amenities, including the Central Park, Community Center and related infrastructure. These amenities, when built, will become the heart of the Jordan Downs redevelopment and are expected to service the surrounding community and greater Watts neighborhood. The Central Park and Community Center sized at approximately 6 acres of open space and over 50,000 square feet of programmable building space are intended to support community engagement, public health, recreation and services.

Regarding: On December 11, 2008 by Resolution 8667, the Board of Commissioners approved moving forward with the Master Plan for Jordan Downs. The Master Planning process engaged the whole community in a design effort, which emphasized the development of an urban village centered around a community center and large central park space. This five-year planning effort conducted in partnership with the Department of City Planning (Resolution 8731) culminated in the adoption of the Jordan Downs Village Specific Plan by the City of Los Angeles in 2013.

Implementation activities to realize the vision of the Jordan Downs Village Specific Plan began on June 28, 2012 when the Authority's Board of Commissioners authorized the execution of a Master Development Agreement ("MDA") with Jordan Downs Community Partners, LLC, ("Master Developer" or "JDCP"), a joint venture of the BRIDGE Housing Corporation, a California nonprofit public benefit corporation ("BRIDGE"), and The Michaels Development Company I, L.P., a New Jersey limited partnership ("Michaels") (Resolution 8969). The Master
Development Agreement which details the roles and responsibilities for development was amended on April 28, 2016 (Resolution 9282) to provide development rights to Primestor Jordan Downs, LLC for construction of the commercial center and potential future commercial or infrastructure opportunities. It is an affiliate of Primestor Jordan Downs, LLC, Omnia 2020, LLC, that is being proposed to lead design, development and financing of the community center and park in this board report.

The Central Park and Community Center span from a vacant parcel on the acquired and remediated 21-acre industrial site just south of the Century Boulevard extension to 103rd Street, covering what was the original community center at Jordan Downs, 101st Street and various residential buildings (see Attachment 2, Site Maps). Preparation of this land to create a clean and buildable site for development required the Housing Authority to invest in remediation, relocation and demolition activities (Resolutions 9168, 9239, 9395, 9425, 9560) between to October 2014 to present. Further relocation and demolition will need to be completed prior to the most southern portion of the park’s construction and may require future actions of the Board of Commissioners.

Additionally, the design and construction efforts of these public facilities are known to require significant funding and cannot be debt financed. The Authority began looking early on for grants and donor support and on April 23, 2015, the Board of Commissioners (Resolution 9207) applied for and was awarded a Proposition K grant for a little under one million dollars by the City of Los Angeles to install LED lighting in the central park.

The culmination of planning and activities approved by the Board of Commissioners over the past decade has set the table for the actions recommended in this report which will further the implementation efforts of the Specific Plan and Master Development Agreement for Jordan Downs.

**ISSUES:**

*Background*

The central park and community center connect the first to fourth phases of the redevelopment of Jordan Downs and are expected to be constructed on approximately 6.3-acres of vacant land spanning the southern boundary of Century Boulevard to 103rd Street (the “Site”). Approximately two-thirds of the Site has been cleared and is currently being used as construction staging areas for new residential phases under construction.

Under the Master Development Agreement, the Authority is responsible for undertaking all activities to create a clean and buildable site and to further the development of key general infrastructure components like the extension of Century Boulevard, the community center and a string of parks that connect the larger 70-acre development internally and to the larger community. Although it is incumbent upon the Master Developer to assist in identifying and acquiring funding for these initiatives and participate in supporting the long-term maintenance and operations, it is the Authority who has the rights and responsibility to contract for the design and construction, pursue funding, and develop a feasible operations plan. In the spirit of joint responsibility, the Master Developer and HACLA have held a series of planning meetings with the community and internally to prioritize
services and develop a baseline agreement on the scope and intention of these public spaces. Both BRIDGE and Michaels have constructed some of the initial park spaces or are in the process of constructing them as part of their residential off-sites, however, both developers in collaboration with HACLA determined that additional expertise should be pulled in for the development of the central park and community center (the “Project”). The team met with potential development and operations partners and service organizations to discuss space planning needs, funding approaches and timing issues as well as capacity to manage a large scale capital plan and construction.

Based on the results of these planning efforts, HACLA determined it in the best interest of the Project to hire an independent contractor and/or agent to help the Authority lead the design, financing and construction of the community center, central park and its associated parking and public infrastructure. This contractor did not need to be affiliated with the ultimate operator of the Site and could work independently and neutrally with all stakeholders, potential funders, the Project’s operator and possible tenants to seek the best solutions for Project build out. A unique public-private partnership was required.

Section 7.6 of the Master Development Agreement ("MDA") provides the road map for HACLA’s authority to procure, self-perform or assign its responsibilities for infrastructure work. Under this provision of the MDA, the Authority can enter into a Supplemental Agreement for Additional Services ("Supplemental Agreement" or "ASA") for any related services necessary to fulfill HACLA’s obligations. The First Amendment to the MDA ("First Amendment") added Primestor Jordan Downs, LLC ("Primestor") as a party to the Master Development Agreement to develop the commercial center within Phase I. The First Amendment also created a provision allowing Primestor Jordan Downs LLC to develop any additional phase of the redevelopment, if Primestor, JDCP, and HACLA agreed and entered into a further amendment to the MDA providing for such development.

As HACLA surveyed the field of interested parties and vetted best approaches to development and management, Primestor stepped forward to present its expertise and interest. Outside of its successful history as a developer, owner and manager of large-scale commercial and mixed use projects, Primestor has experience in conducting large design build community and public projects. These projects include entitlement, design and construction of a large ground up and historic reconstruction project for the South Central Los Angeles Regional Center (SCLARC); a project for the Los Angeles County Office of Education in mid-Wilshire for their transitional programs; a large educational project for S.S. Wise Temple; and a small project in South Los Angeles for Head Start. Additionally, Primestor’s principals are charitably engaged and have spent many years successfully fundraising for their own projects as well as the construction and operations of public assets, like the EXPO Center, a community and recreation very similar in size and scale to Jordan Downs.

This Third Amendment to the MDA ("Third Amendment") proposes to allow Primestor, through an affiliate, Omnia 2020, LLC, to serve as fee developer for the community center and central park sites through a Supplemental Agreement. The Third Amendment affirms and develops a process for obtaining, considering and incorporating input from the Master Developer as program planning and design
are finalized. The Third Amendment lays out a preliminary plan for operations, which anticipates the Authority entering into an agreement with the Recreation and Parks Department for the City of Los Angeles as the primary operator of the center and park system supported by a non-profit entity established to provide ongoing financial and program support for the facilities, once constructed. The MDA provides seats on the non-profit for the Master Developer; contemplates consideration of future maintenance and site wide management support from New Century Association which oversees the CC&R’s for Jordan Downs; and addresses a plan for distributing the cost of street, sidewalk and utility improvements between and among different phase developers for those improvements around the Project.

ASA

The Supplemental Agreement between HACLA and Omnia 2020, LLC (“Omnia”) will divide work into three phases: Predevelopment, Construction Documentation and Development. The initial phase of Predevelopment work which incorporates space use planning, program refinement, community input and the capital campaign is anticipated to take approximately 12-14 months to complete. The expectation of the Supplemental Agreement is to raise approximately 50% of the funding assumed necessary to complete the construction of the project prior to moving to Construction Documentation. Under the Agreement it is HACLA’s election whether to move to Construction Documentation or Development and each consecutive phase will require an amendment to the Supplemental Agreement to refine terms, budget and schedule. HACLA has no funding obligations past the Predevelopment Phase and its initial Predevelopment Loan investment.

If HACLA and Omnia move into Construction Documentation, final plans and permits will be completed and issued; the general contractor will be selected; and a final budget developed. During this period, the final capital raise will be completed and guaranties executed to ensure construction performance. Omnia believes this will take approximately nine to twelve months dependent on the complexity of design and capital available. HACLA will work with Omnia and surrounding residential developments to coordinate construction of infrastructure on and surrounding the Site. During these last two periods of the Supplemental Agreement, HACLA staff will be working in collaboration with Omnia on the long-term arrangements for operations and obtaining commitments for programming and services. Omnia will provide detailed operation manuals and recommendations for long-term maintenance and budgeting assumptions. Omnia will work with HACLA, the City and the existing New Century Association to coordinate long-term maintenance and management of all improvements and shared off-sites. Lastly, executives at Omnia will work with HACLA to establish a non-profit “Friends’ of” organization that will provide ongoing support to operations for the center, develop future fundraising plans and support the center’s external relations and marketing.

Per Section 7.6 of the MDA, Omnia will receive the lower of a 6% of total development cost or $5 million oversight fee for all of their work to coordinate and manage design, fundraising and construction. Their combined initial fee under the Predevelopment and Construction Documentation periods is approximately 22% of the total Predevelopment and Construction Documentation costs at a total of $825,000 in a $3.7 million budget. However, this is compensated by the calculation
of the cumulative overall fee which includes all fees received during Predevelopment, Construction Documentation and Development. The fees during Predevelopment and Construction Documentation are paid pro rata with the expenditure of the balance of direct costs in the budget. During Development, Omnia would receive 20% of the balance of its fee upon initiation of construction, 60% in a pro rata manner with construction expenditures and the final 20% upon a cost certification and final Certificate of Occupancy.

The Supplemental Agreement is consistent with the insurance, liability, and policy requirements of the Master Development Agreement. Omnia is working as an independent contractor and/or agent of HACLA and the Authority will have a security interest and assignment rights for all sub-contracts and work product.

Predevelopment Loan

The Predevelopment Loan covers the Predevelopment Phase costs established by a budget approved by HACLA (see draft Predevelopment Budget, Attachment 4) for a total amount of $1,838,100. The majority of expenditures will cover costs related to third party contracts for the Predevelopment Phase. The loan carries a 3% interest rate and matures within three years of the execution of the loan documents. The loan is due in full at the earlier of an uncured default or at the maturity date and is anticipated to be repaid by proceeds raised in the capital plan. However, if Omnia has performed in full accordance with the Predevelopment Loan and Supplemental Agreement and the Loan has not been fully repaid at the maturity date, HACLA’s sole recourse is the assignment of all contracts and work product.

Various Authorities

The final versions of the Master Development Agreement, Supplemental Agreement, License Agreement, Predevelopment Loan and Note, and all other supplemental documents (collectively, the “Authority Documents”) may require finalization of non-key provisions which the President and CEO, with the support of the Authority’s senior staff attorneys, outside legal counsel and staff, will finalize prior to their execution. Examples of such non-key provisions include compilation and insertion of various supporting exhibits and documents, selection of specific terminology to appropriately refer and identify parties, events and periods and clarification of other references and concepts. The final language of such non-key provisions will not materially alter the negotiated key business terms of the Authority Documents or other ancillary documents.

The actions recommended in this report create an appropriate approach that protects public investment and HACLA as a fee owner, lender and regulatory body. The Authority staff with the support of the Authority’s outside legal counsel, Reno and Cavanaugh, have negotiated the deal points and drafted the documents referenced in this report.

FUNDING: The Chief Administrative Officer confirms the following:

Source of Funds: The $1,838,100 Predevelopment Loan will be funded with uncommitted proceeds from the non-federal HACLA-owned properties’ portfolio.
Budget and Program Impact: Section 4.5 of the Master Development Agreement for Jordan Downs determines that all Infrastructure work that is not part of a phased development shall be conducted under a Supplemental Agreement between the Authority and the Master Developer or by the Authority through an independent contractor. This includes the construction of community facilities. The Authority is responsible for covering the oversight fees for this work in accordance with Section 7.6 of the Master Development Agreement and works cooperatively with the Master Developer to identify funds to cover the full cost of improvements. In the absence of the contribution of these initial funds for predevelopment costs and oversight, the development of the community center and central park would not be initiated. These facilities are critical to the success of the development of Jordan Downs.

ENVIRONMENTAL:

CEQA: No further environmental review is required for the Authority’s recommended actions because based on the project record there has been no change to the Jordan Downs Redevelopment or substantial changes in circumstances or new information that would warrant subsequent environmental analysis in accordance with CEQA, including but not limited to Public Resources Code section 21166 and State CEQA Guidelines section 15162. The mitigation measures and related conditions of approval applicable to the Jordan Downs Redevelopment will be reviewed and appropriate measures will be incorporated into the plans.

NEPA: Pursuant to 24 CFR Part 58, the City of Los Angeles, through its Housing and Community Investment Department serves as the environmentally responsible entity in preparation of the Environmental Assessment and Finding of No Significant Impact (EA/FONSI) for the Jordan Downs Public Housing Community Project. The EA/FONSI was circulated for public review on June 13, 2014 through July 2, 2014. On December 22, 2015 a technical memorandum was prepared to review any changes to the project description. Based on this memorandum HCID/LA found that changes to the project description did not result in changes to the conclusion of the EA/FONSI. On February 11, 2016 the U.S. Department of Housing and Urban Development’s Office of the Field Office Director issued approval of the Housing Authority’s Environmental Certification.

SECTION 3: The Developer will ensure that the residents of the Jordan Downs public housing community, other low-income Watts neighborhood residents, participants of Youth-Build, and qualifying residents in the City of Los Angeles have the opportunity to share in the economic benefits generated by the proposed development. In addition to meeting the Master Development Agreements requirements for Local Hire and Section 3 during construction, the Developer has agreed to make best efforts to identify and provide Section 3 opportunities in the predevelopment process through its own endeavors and those of its third party contractors. If the Developer and HACLA are success in fundraising and can move towards initiation of construction, the Developer and their General Contractor will be required to use best efforts to set aside at least thirty percent (30%) of all new construction jobs generated by the redevelopment, first for residents of Jordan Downs, second for residents of Watts, third to HUD’s Youth-Build Program in the City, and finally to residents of the City to the maximum extent feasible. Furthermore, the Developer and their General Contractor shall strive and use best
efforts to set aside at least ten percent (10%) of their overall 30% Section 3 commitment for disadvantaged workers. Additionally, the Developer is committed to providing 10% of the total dollar amount of building trades work for all construction contracts and 3% of the total dollar amount of all non-construction contracts to Section 3 Businesses.

Attachments:

1. Resolution
2. Site Map
3. Draft Predevelopment Budget
4. List and description of all negotiated Documents
5. Draft Documents
   a. Third Amendment to Master Development Agreement
   b. Additional Services Agreement
   c. Predevelopment Loan & Note
   d. License Agreement
ATTACHMENT 1

RESOLUTION
RESOLUTION NO. _________

RESOLUTION AUTHORIZING THE PRESIDENT AND CEO, OR DESIGNEE, TO ENTER INTO A THIRD AMENDMENT TO THE MASTER DEVELOPMENT AGREEMENT BY AND AMONG THE HOUSING AUTHORITY OF THE CITY OF LOS ANGELES, JORDAN DOWNS COMMUNITY PARTNERS, LLC, THE MICHAELS DEVELOPMENT COMPANY I, L.P., BRIDGE HOUSING CORPORATION, PRIMESTER JORDAN DOWNS, LLC AND OMNIA 2020, LLC; A SUPPLEMENTAL AGREEMENT FOR ADDITIONAL SERVICES AND A PREDEVELOPMENT LOAN AND NOTE IN AN AMOUNT NOT TO EXCEED $1,838,100 WITH OMNIA 2020, LLC; A LICENSE AGREEMENT FOR THAT PORTION OF PROPERTY ON OR NEAR THE JORDAN DOWNS PUBLIC HOUSING SITE THAT ENCOMPASSES THE FUTURE SITE OF THE JORDAN DOWNS COMMUNITY CENTER AND CENTRAL PARK; AND THE EXECUTION OF RELATED DOCUMENTS AND AGREEMENTS TO INITIATE THE DESIGN, FUNDING AND CONSTRUCTION OF THE JORDAN DOWNS COMMUNITY CENTER AND CENTRAL PARK AND TO UNDERTAKE VARIOUS ACTIONS IN CONNECTION THEREWITH

WHEREAS, the Housing Authority of the City of Los Angeles (“Authority”) intends to transform the Jordan Downs public housing community into a mixed-income, mixed-use, environmentally friendly, vibrant urban village, conducive to healthy living and economically progressive conditions; and

WHEREAS, on August 1, 2012, the Authority’s President and CEO executed a Master Development Agreement (“MDA”) with Jordan Downs Community Partners, LLC, (“the Master Developer”) for the redevelopment of Jordan Downs (the “Redevelopment”) following which the MDA was further amended on July 13, 2017 to assign responsibility from the Master Developer to Primestor Jordan Downs, LLC (“Phase 1C Owner”) as the Owner Entity for development and management of the retail/commercial Phase 1C of the Redevelopment which allows Primestor Jordan Downs, LLC to develop other phases of the Redevelopment under a future amendment to the MDA; and

WHEREAS, the Authority under Article 4 and Section 7.6 of the MDA has the rights and obligations to self-perform or contract for services related to the design and development of certain large infrastructure projects within the Redevelopment, including the construction of a central park and community center; and

WHEREAS, the Authority desires to contract with an affiliate of Primestor Jordan Downs, LLC named Omnia 2020, LLC to oversee the design, community engagement, fundraising and construction of the Central Park and Community Center and its associated parking and infrastructure improvements on approximately 6.3 acres of land on the Jordan Downs Public Housing Site and the former industrial property purchased by the Authority in 2008 (the “Project”) and is proposing to execute a Third Amendment to the Master Development Agreement with the Master Developer, Phase 1C Owner and Omnia 2020, LLC to effectuate this public-private partnership; and

WHEREAS, Omnia 2020, LLC has a history of successful public-private partnerships and the development of public spaces for non-profits and government entities and is prepared to enter into an Additional Services Supplemental Agreement with HACLA which provides for the roles and responsibilities of both Omnia 2020, LLC and the Authority in the undertaking of the Predevelopment, Construction Documentation and Development work associated with the build out of the Central Park and Community Center and which is intended to be amended at the
discretion of the Authority to address each phase of development in more specificity and provide the Authority additional opportunities to review the effectiveness of the partnership and progress towards completion; and

WHEREAS, the Authority will provide initial funding in a non-to-exceed amount of $1,838,100 from non-federal sources for the Predevelopment Phase of development and will hold a Promissory Note for the repayment of these funds; and

WHEREAS, the Authority will remain the underlying owner of the land and intends to enter into an agreement with the City of Los Angeles’ Department of Recreation and Parks for the long-term operation and maintenance of the Project once it has been constructed and receives a Certificate of Occupancy; and

WHEREAS, under the California Public Resources Code, Section 21166 and the California Environmental Quality Act (CEQA) including but not limited to section 15162, on the basis of substantial evidence contained in the whole record, that since the adoption of the Environmental Impact Report (ENV-2010-32-EIR) by the City Planning Commission on April 17, 2013, for the Jordan Downs Urban Village Specific Plan which incorporated all the components of the JD Redevelopment including the Project currently being proposed, there have been no changes to the JD Redevelopment, changes with respect to the circumstances under which the Project is being undertaken, or new information of substantial importance concerning the Project, which cause new significant environmental effects or a substantial increase in the severity of previously identified effects in the Environmental Impact Report; two addendums to the FEIR were prepared on January 11, 2016 and April 4, 2016 respectively to address any additional impacts not considered in the EIR as the result of a proposed Specific Plan Amendment and found no subsequent EIR, addendum or further environmental documentation is necessary; this entire record was considered by the City Planning Commission on April 14, 2016 and has been provided to the Board of Commissioners in their consideration of this item.

NOW, THEREFORE, BE IT RESOLVED that the Board of Commissioners of the Housing Authority of the City of Los Angeles does hereby authorize and approve the President and Chief Executive Officer, or his Designee, for and on behalf of and in the name of the Authority, to negotiate, execute and attest to the Third Amendment to the Master Development Agreement, the Additional Services Supplemental Agreement, Predevelopment Loan in a not-to-exceed amount of $1,838,100, Promissory Note, License Agreement as specified in the Board Report incorporated herein by reference and any other documents, agreements and certificates necessary to accomplish the transaction contemplated by this Resolution, with such changes therein as approved with the advice of legal counsel, such approval to be conclusively evidenced by the execution and delivery thereof; and

BE IT FURTHER RESOLVED that this Resolution shall take effect immediately.
PASSED AND ADOPTED by the Housing Authority of the City of Los Angeles this 28th day of May 2020.

HOUSING AUTHORITY OF THE
CITY OF LOS ANGELES

By: ___________________________
Chairperson

APPROVED AS TO FORM:
JAMES JOHNSON

BY: ___________________________
General Counsel

DATE ADOPTED: ______________________
ATTACHMENT 2

SITE MAP
Attachment 2: Community Center and Central Park Site Maps
ATTACHMENT 3

DRAFT PREDEVELOPMENT BUDGET
## Watts Community Center

### Predevelopment Budget

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<td>1306300</td>
<td>Project Management</td>
<td>$167,000</td>
<td>$227,000</td>
<td>$256,000</td>
<td>$650,000</td>
<td>Assumes draws against eventual % Dev Fee</td>
</tr>
<tr>
<td>1306310</td>
<td>Property Management Fee</td>
<td>$</td>
<td></td>
<td></td>
<td></td>
<td>NA</td>
</tr>
<tr>
<td>1306800</td>
<td>Contingency (Soft)</td>
<td>10% $24,900</td>
<td>$49,300</td>
<td>$92,900</td>
<td>$167,100</td>
<td>10% by Phase</td>
</tr>
<tr>
<td>1306998</td>
<td>TOTAL SOFT COSTS</td>
<td>$273,900</td>
<td>$542,300</td>
<td>$1,021,900</td>
<td>$1,838,100</td>
<td></td>
</tr>
</tbody>
</table>

**Total Project Costs**

- Excludes all work pertaining to Fundraising, Board Formation, etc. which is to be performed by Principals at no cost from Primestor to WCC.
ATTACHMENT 4

LIST AND DESCRIPTION OF ALL NEGOTIATED DOCUMENTS
**HOUSING AUTHORITY OF CITY OF LOS ANGELES**

Jordan Downs Community Center and Central Park
Board Meeting Documents

### I. DEVELOPMENT DOCUMENTS

<table>
<thead>
<tr>
<th>NO</th>
<th>DOCUMENT/ITEM</th>
<th>SIGNATORIES</th>
<th>RECORDABLE</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Supplemental Agreement for Additional Services No. 2 (Community Center and Central Park)</td>
<td>HACLA; Developer</td>
<td>NO</td>
<td>Agreement in which HACLA engages the Developer to develop a Community Center and Central Park as part of the broader Jordan Downs project. The Developer's Scope of Work includes three phases: a Pre-Development Phase, a Construction Documentation Phase, and a Development Phase. HACLA will fund the Pre-Development Phase with a Pre-Development Loan described below under Pre-Development Loan Documents. The Scope of Work will be limited to the Pre-Development Phase until (a) HACLA and the Developer amend the Agreement to finalize a Scope of Work, Budget, and Schedule for the Construction Documentation Phase, and (b) the Developer has raised committed funds to cover at least 50% of the anticipated construction cost. Once (a) and (b) are satisfied, the Scope of Work will be limited to the Construction Documentation Phase and (1) HACLA and the Developer amend the Agreement to finalize a Scope of Work, Budget, and Schedule for the Development Phase, and (2) the Development Budget reflects committed funds raised to cover 100% of the final construction cost, plus a reasonable contingency, plus funding of a Seed Endowment. HACLA will pay the Developer a Developer Fee on a cost-plus-fee basis, based on a cumulative fee of 6% of the actual combined cost to perform the Scope of Work for Pre-Development, Construction Documentation, and Development Phases, with an overall cap of $5 million. HACLA is responsible for giving the Developer access to the site, obtaining HUD approvals, delivering a Clean and Buildable Site, forming a 501(c)(3) nonprofit corporation to facilitate fundraising and foster long-term operations and financial viability; developing a Collaboration Plan with the Recreation and Parks Department; and providing support, coordination, information, and cooperation to facilitate the Developer's efforts. Includes the following indemnities: (i) Developer indemnifies HACLA for physical damage to the site or other damage or injury resulting from Developer's site investigations; (ii) Developer indemnifies HACLA for breach of environmental obligations and any activity undertaken by Developer in connection with handling of Hazardous Materials at the site; (iii) Developer indemnifies HACLA for claims arising from breach of the Agreement; and (iv) Developer must require Third Party Contractors to indemnify HACLA and Developer for such Third Party Contractor's acts or omissions.</td>
</tr>
<tr>
<td>2</td>
<td>License Agreement (Community Center and Central Park)</td>
<td>HACLA; Developer</td>
<td>NO</td>
<td>Agreement in which HACLA gives the Developer a license to enter the site for purposes of performing the Scope of Work under the Supplemental Agreement for Additional Services No. 2. Includes the following indemnities: Developer indemnifies HACLA for all claims arising from Developer's and/or its Contractors' presence on the site, their obligations under this Agreement, and/or the negligence, acts, or omissions of the Developer.</td>
</tr>
<tr>
<td>3</td>
<td>Third Amendment to Master Development Agreement</td>
<td>HACLA; Developer; JDCP, Michaels; BRIDGE; Primestor</td>
<td>NO</td>
<td>Agreement in which HACLA agrees to engage the Developer to develop the Community Center and Central Park and JDCP consents to such engagement. HACLA and the Developer agree to seek input from JDCP on the development of plans and specifications for the Community Center and Central Park, and also on the development of service and programming plans for the Community Center and Central Park. JDCP agrees to keep such materials confidential. Regarding the 501(c)(3) nonprofit corporation to be formed to facilitate fundraising for development of the Community Center and Central Park and foster their long-term operational and financial viability, JDCP has the right to appoint at least two (2) board members until either the overall Jordan Downs redevelopment is complete or the Master Development Agreement terminates or expires, whichever occurs first. HACLA and JDCP, in collaboration with the Recreation and Parks Department, the nonprofit fundraising entity, and the Developer, shall develop a plan to fund operation and maintenance of the Community Center and Central Park. Michaels and BRIDGE shall cause any of their affiliates who may be engaged by HACLA as Jordan Downs developers with overlapping responsibility for B-Permit Improvements implicating the Community Center and Central Park to coordinate with HACLA and the Developer to give residents access to adjacent public and private streets and allocate costs appropriately.</td>
</tr>
</tbody>
</table>

### II. PRE-DEVELOPMENT LOAN DOCUMENTS

<table>
<thead>
<tr>
<th>NO</th>
<th>DOCUMENT/ITEM</th>
<th>SIGNATORIES</th>
<th>RECORDABLE</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>Predevelopment Loan Agreement</td>
<td>HACLA; Developer</td>
<td>NO</td>
<td>Agreement regarding HACLA's provision of terms, responsibilities, and requirements related to the Predevelopment Loan funds.</td>
</tr>
<tr>
<td>5</td>
<td>Non-Negotiable Predevelopment Loan Promissory Note</td>
<td>Developer</td>
<td>NO</td>
<td>Promissory Note evidencing the Predevelopment Loan of approximately $1,838,100.00 (subject to change) from HACLA to the Developer.</td>
</tr>
<tr>
<td>6</td>
<td>Assignment of Project Documents</td>
<td>Developer</td>
<td>NO</td>
<td>Assignment in which the Developer assigns to HACLA, as security for the Predevelopment Loan, (a) all contracts and subcontracts entered into in connection with the Pre-Development Scope of Work; (b) all building permits, governmental permits, licenses, and authorizations issued in connection with the construction, development, or operation of the Community Center and Central Park project; (c) any Architect's Agreement; (d) all plans and specifications; and (e) all copyrights related project design or construction.</td>
</tr>
</tbody>
</table>
THIRD AMENDMENT TO MASTER DEVELOPMENT AGREEMENT
THIRD AMENDMENT TO MASTER DEVELOPMENT AGREEMENT BETWEEN THE HOUSING AUTHORITY OF THE CITY OF LOS ANGELES, JORDAN DOWNS COMMUNITY PARTNERS LLC, THE MICHAELS DEVELOPMENT COMPANY I, L.P., BRIDGE HOUSING CORPORATION AND PRIMESTOR JORDAN DOWNS, LLC

This THIRD AMENDMENT TO MASTER DEVELOPMENT AGREEMENT BETWEEN THE HOUSING AUTHORITY OF THE CITY OF LOS ANGELES, JORDAN DOWNS COMMUNITY PARTNERS LLC, THE MICHAELS DEVELOPMENT COMPANY I, L.P., BRIDGE HOUSING CORPORATION AND PRIMESTOR JORDAN DOWNS, LLC (this “Amendment”) is entered into as of _____________, 2020, by and among the HOUSING AUTHORITY OF THE CITY OF LOS ANGELES (“HACLA”), a public body, corporate and politic, created pursuant to the laws of the State of California, JORDAN DOWNS COMMUNITY PARTNERS LLC (“JDCP”), a California limited liability company, THE MICHAELS DEVELOPMENT COMPANY I, L.P. (“Michaels”), a New Jersey limited partnership, BRIDGE HOUSING CORPORATION (“BRIDGE”; together with Michaels, the “Guarantors”), a California nonprofit corporation, PRIMESTOR JORDAN DOWNS, LLC (“Primestor JD”), a Delaware limited liability company, and OMNIA 2020, LLC (“Primestor Omnia”), a California limited liability company, with reference to the following Recitals.

A. HACLA selected JDCP as Master Developer for the redevelopment of the Jordan Downs Public Housing Community (the “Project”) as described in the Jordan Downs Master Development Agreement for the Redevelopment of the Jordan Downs Public Housing Community effective as of August 1, 2012 by and among HACLA, JDCP and Guarantors, as amended by that certain Assignment of Rights to Develop the Retail Site and First Amendment to Master Development Agreement (the “First Amendment”), dated July 13, 2017, by and among HACLA, JDCP, Guarantor and Primestor JD, and as further amended by that certain Second Amendment to Master Development Agreement (“Second Amendment”), dated October 4, 2017 by and among HACLA, JDCP, Guarantors and Primestor JD (collectively, the “MDA” or the “Agreement”).

B. Certain parcels of property within the Project have been zoned and planned for public facility (the “Community Center”) and park use (the “Central Park”), including (i) Lot 11 shown on the lot map entitled “Tract No. 72805” filed in the records of Los Angeles County, California, on November 23, 2016, in Book 1394 of maps at pages 49 through 57 and any subsequently-recorded amended final maps, parcel maps, certificates of correction, lot-line adjustments and/or records of survey, including the Certificate of Compliance for Lot Line Adjustment recorded on December 8, 2016, as Document No. 20161557655 in the records of Los Angeles County, California (the “Community Center Site”), and (ii) Lots 10 and 12 shown on the unrecorded lot map entitled “Tentative Tract Map No. 82633” prepared by Debra V. Schales, RCE#43101, Fuscoe Engineering, dated May 1, 2019 (collectively, the “Central Park Site”).

C. To govern the Project long-term, JDCP and HACLA joined in execution of the New Century Declaration of Restrictions (CC&Rs) recorded on June 14, 2018, as Document No. 20180590854 in the records of Los Angeles County, California, and subsequently amended by the First Amendment to New Century Declaration of Restrictions (CC&Rs)
recorded on September 17, 2018, as Document No. 20180948407 in the records of Los Angeles County, California, and the Second Amendment to New Century Declaration of Restrictions (CC&Rs) recorded on September 19, 2019, as Document No. 20181010229 in the records of Los Angeles County, California (collectively, the “CC&Rs”). The CC&Rs anticipated that, upon the establishment of adequate funding to maintain, operate, and insure the Community Center, Central Park, Community Center Site and Central Park Site would be annexed into the CC&Rs as a Shared Area (as defined in the CC&Rs), and the Association (as defined in the CC&Rs) would assume maintenance, operation, and insurance duties with respect to the Community Center and Central Park.

D. As a condition of issuing building permits for each phase of the Project, the City of Los Angeles (the “City”) requires that certain improvements be made to streets, sewers, storm drains, street lights and street trees (the “B-Permit Improvements”). The parties anticipate that the B-Permit Improvements associated with development of the Community Center and Central Park will include (i) improvement to the streetscape of the southern half of Century Boulevard adjacent to the northern boundary of the Community Center Site; (ii) improvement of the portion of Lou Dillon Avenue adjacent to the western boundary of the Community Center Site, together with the extension of Lou Dillon Avenue along the western boundary of the Central Park Site; and (iii) improvement of the portion of Juniper Street adjacent to the eastern boundary of the Community Center Site, together with the extension of Juniper Street along the eastern boundary of the Central Park Site (the “Community B-Permit Improvements”).

E. Responsibility for particular portions of the Community B-Permit Improvements have already been allocated to Michaels affiliates engaged in development of neighboring portions of the Project. Specifically, (i) pursuant to that certain Disposition and Development Agreement (the “1B DDA”) and that certain B-Permit Reimbursement and Offsite Improvement Access Agreement (the “1B P-Permit Agreement”), each dated June 1, 2018, by and between HACLA and Jordan Downs Phase 1B, LP, a California limited partnership (“JD 1B”), JD 1B has responsibility for constructing the improvements to the portions of Lou Dillon Avenue and Juniper Street adjacent to the western and eastern boundaries, respectively, of the Community Center Site, among other things (the “1B B-Permit Improvements”); and (ii) pursuant to that certain Disposition and Development Agreement (the “S3 DDA”) and that certain B-Permit Improvement and Construction Access Agreement (the “S3 B-Permit Agreement”), each dated March 1, 2020, by and between HACLA and Jordan Downs Phase S3, LP, a California limited partnership (the “JD S3”), JD S3 has responsibility for constructing the extension of Lou Dillon Avenue along the western boundary of the Central Park Site, among other things (the “S3 B-Permit Improvements”). Any plan for development of the Community Center and Central Park must include coordination and cost-sharing with JD 1B, JD S3, and other developers engaged in development of neighboring sites regarding Community B-Permit Improvements, to the extent overlapping with B-Permit Improvements required for the other neighboring sites.

F. Section 7.6 of the MDA permitted HACLA to separately procure or self-perform work that is not otherwise assigned by HACLA to the Master Developer as an Additional
Service (as defined in the MDA).

G. The First Amendment (Additional Terms – Section 2) provided that if Primestor JD, JDCP, and HACLA subsequently desire for Primestor JD to develop any additional phase of the Project, they may enter into a further amendment to the MDA providing for such development.

H. HACLA, JDCP, and the Guarantors desire that Primestor Omnia, an affiliate of Primestor JD, serve as fee developer for the Community Center Site and the Central Park Site, and Primestor Omnia desires to perform such services as an extension of Primestor JD’s obligations to develop the Retail Site under the First Amendment.

I. With JDCP’s consent, HACLA will engage Primestor Omnia as a developer to develop the Community Center Site and the Central Park Site pursuant to a Supplemental Agreement for Additional Services (“Supplemental Agreement”).

NOW, THEREFORE, in consideration of the foregoing Recitals (which are incorporated herein and made an operative part of this Amendment by this reference), the mutual obligations under this Amendment, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties, intending to be legally bound, hereby agree as follows:

1. Any capitalized terms not defined herein shall have the same meaning as set forth in the MDA, all references to Sections or Articles, unless otherwise stated, shall constitute a reference to that Section or Article in the MDA.

2. HACLA shall engage Primestor Omnia to develop the Community Center Site and the Central Park Site pursuant to a separate Supplemental Agreement, and JDCP hereby consents to such engagement. Accordingly, notwithstanding HACLA’s engagement of Primestor Omnia as an extension of Primestor JD’s obligations under the First Amendment, Primestor Omnia’s performance of its development services with respect to the Community Center Site and the Central Park Site will be governed solely by such Supplemental Agreement and not the MDA.

3. Consistent with Section 7.6 of the MDA, HACLA and Primestor Omnia shall seek, consider, and incorporate comments of JDCP on the development of the plans and specifications related to the Community Center and Central Park by providing JDCP with copies of conceptual renderings, schematic design documents, design development documents, as applicable, produced and made available by Primestor Omnia’s architects and/or engineers (collectively, the “Design Materials”) and giving JDCP at least fifteen (15) business days to comment. HACLA and Primestor Omnia shall consider all such comments and incorporate those comments that are consistent with HACLA’s and Primestor Omnia’s overall design and operational objectives and budget, as determined in the reasonable discretion of HACLA. JDCP shall keep the Design Materials confidential and shall not disclose the Design Materials, nor discuss any feature of the Design Materials, without the prior written consent of HACLA.
4. HACLA and Primestor Omnia shall seek, consider, and incorporate comments of JDCP on the development of the service and programming plans related to the Community Center and Central Park by providing JDCP with initial drafts of service plans, financing plans, space plans and similar documents and plans as applicable, produced and made available by Primestor, the City of Los Angeles Recreation and Parks Department (the “Recreation and Parks Department”) and HACLA (collectively, the “Program Materials”) and giving JDCP at least fifteen (15) business days to comment. Likewise, before any such Program Materials become final, JDCP shall have fifteen (15) business days to comment. HACLA and Primestor Omnia shall consider all such comments and incorporate those comments that are considered in HACLA’s reasonable discretion to be financially feasible and consistent with the overall service and operational objectives. JDCP shall keep the Program Materials confidential and shall not disclose the Program Materials, nor discuss any feature of the Program Materials, without the prior written consent of HACLA.

5. The Supplemental Agreement shall provide for the formation of one or more 501(c)(3) nonprofit corporations, which will facilitate fundraising for development of the Community Center Site and Central Park Site and foster the long-term operational and financial viability of the improvements constructed and programs operated thereon (each, a “Community Nonprofit Entity”). Until such time as the Project is complete or the MDA terminates or expires, whichever occurs first, JDCP shall have the right to appoint a minimum of two (2) members of the board of directors for the Community Nonprofit Entity.

6. Consistent with the MDA, HACLA and JDCP in collaboration with the Recreation and Parks Department, the Community Nonprofit Entity, and Primestor Omnia shall develop a plan to fund the operation and maintenance of the Community Center, Central Park, Community Center Site and Central Park Site (the “Community Funding Plan”). The Community Funding Plan shall provide, among other things, for the allocation of funding for the operation and maintenance of the Community Center, Central Park, Community Center Site and Central Park Site from Owner Entities, JDCP, HACLA, the Community Nonprofit Entity and the Recreation and Parks Department, as applicable. The parties shall cause the Community Funding Plan to be established prior to the execution of the Development Amendment (as defined in the Supplemental Agreement) to the Supplemental Agreement. If designation of the Community Center and Central Park as a Shared Area under the CC&Rs is consistent with the Community Funding Plan, and if the Community Funding Plan results in the Association having adequate funding to maintain, operate and/or insure the Community Center and Central Park pursuant to Section 1.9 of the CC&Rs, the parties shall cause the Community Center and Central Park to be annexed into the CC&Rs.

7. Michaels shall cause JD 1B and JD S3, and Michaels and BRIDGE shall cause any other of their respective affiliates who may be engaged by HACLA from time to time with respect to the Project with overlapping responsibility for the Community B-Permit Improvements (any such affiliates, together with JD 1B and JD S3, the “Overlapping Developers”), to coordinate with HACLA and Primestor Omnia with respect to the overlapping Community B-Permit Improvements, 1B B-Permit Improvements, S3 B-Permit Improvements, and any other overlapping Community B-Permit Improvements (the “Overlapping Improvements”), to ensure existing residents have access to adjacent public and private streets,
while ensuring that costs are allocated appropriately between the Community Center and Central Park Sites on the one hand, and JD 1B and JD S3 and any other Overlapping Developers and their respective sites on the other. During the Pre-Development Phase (as defined in the Supplemental Agreement), Michaels and/or BRIDGE, as applicable, shall cause its respective Overlapping Developers to negotiate such cost-sharing and other agreements with HACLA and Primestor Omnia as may be necessary or appropriate to allocate responsibility and cost for implementing the Community B-Permit Improvements in a manner that efficiently facilitates the development of the applicable sites in the context of the overall Project. Prior to execution of the Construction Documentation Amendment (as defined in the Supplemental Agreement), Michaels and/or BRIDGE, as applicable, shall cause its respective Overlapping Developers to enter into an agreement allocating responsibility and costs for the Community B-Permit Improvements with HACLA and Primestor Omnia.

8. This Amendment shall be binding on the parties hereto, their heirs, executors, personal representatives, successors and assigns. This Amendment may be executed in counterparts, each of which shall be deemed original, but all of which, together, shall constitute one instrument.

9. This Amendment shall be construed, interpreted, and governed by the laws of the State of California.

[SIGNATURES ON FOLLOWING PAGE.]
IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first above written.

JDCP:

JORDAN DOWNS COMMUNITY PARTNERS LLC, a California limited liability company

By: The Michaels Development Company I, L.P., a New Jersey limited partnership, its member and manager

By: The Michaels Development Holding Company, L.L.C., a New Jersey limited liability company, its sole general partner

By: __________________________________
John J. O’Donnell
President

By: BRIDGE Housing Corporation, a California nonprofit public benefit corporation, its member and manager

By: __________________________________
Cynthia A. Parker
President and Chief Executive Officer

GUARANTORS:

THE MICHAELS DEVELOPMENT COMPANY I, L.P., a New Jersey limited partnership

By: The Michaels Development Holding Company, L.L.C., a New Jersey limited liability company, its sole general partner

By: __________________________________
John J. O’Donnell
President
BRIDGE HOUSING CORPORATION, a California nonprofit public benefit corporation

By: ________________________________
    Cynthia A. Parker
    President and Chief Executive Officer

PRIMESTOR JD:

PRIMESTOR JORDAN DOWNS, LLC, a Delaware limited liability company

By: Primestor JD Manager, LLC,
a Delaware limited liability company,
its Manager

By: Primestor DevOp, LLC, a California limited liability company, its Manager

By: ________________________________
    Arturo Sneider
    Manager

PRIMESTOR OMNIA:

OMNIA 2020, LLC, a California limited liability company

By: ________________________________
    Arturo Sneider
    Manager

HACLA:

HOUSING AUTHORITY OF THE CITY OF LOS ANGELES, a public body, corporate and
politic

By: ________________________________
    Douglas Guthrie
    President and Chief Executive Officer
ADDITIONAL SERVICES AGREEMENT
SUPPLEMENTAL AGREEMENT FOR ADDITIONAL SERVICES NO. 2 FOR
THE JORDAN DOWNS PUBLIC HOUSING COMMUNITY REDEVELOPMENT
(COMMUNITY CENTER AND CENTRAL PARK)

This SUPPLEMENTAL AGREEMENT FOR ADDITIONAL SERVICES NO. 2
FOR THE JORDAN DOWNS PUBLIC HOUSING COMMUNITY REDEVELOPMENT
(COMMUNITY CENTER AND CENTRAL PARK) (this “Agreement”) is entered into as of
May ___, 2020 (the “Effective Date”), by and between the HOUSING AUTHORITY OF
THE CITY OF LOS ANGELES (“HACLA”), a public body, corporate and politic, created
pursuant to the laws of the State of California, and OMNIA 2020, LLC (“Primestor”), a
California limited liability company, with reference to the following Recitals. HACLA and
Primestor shall sometimes be collectively referenced in this Agreement as the “Parties.”

A. HACLA has selected Jordan Downs Community Partners LLC, a California
limited liability company (“Master Developer”), for the redevelopment of the Jordan Downs
Public Housing Community (the “Redevelopment”) as described in the Jordan Downs Master
Development Agreement effective as of August 1, 2012 (the “Original MDA”) by and among
Jersey limited partnership, BRIDGE Housing Corporation (“BRIDGE”; together with Michaels,
the “Guarantors”) a California nonprofit corporation, and Primestor Jordan Downs, LLC, a
Delaware limited liability company, as amended by that certain First Amendment to Master
Development Agreement (“First Amendment”) dated July 13, 2017, as further amended by that
certain Second Amendment to Master Development Agreement (“Second Amendment”) dated
October 4, 2017, and as further amended by that certain Third Amendment to Master
Development Agreement (“Third Amendment”) dated ____, 2020 (collectively, and as
may be further amended, the “MDA” or the “Master Development Agreement”).

B. Certain parcels of property within the Redevelopment have been zoned and
planned for public facility and park use, including (i) Lot 11 shown on the lot map entitled “Tract
No. 72805” filed in the records of Los Angeles County, California, on November 23, 2016, in
Book 1394 of maps at pages 49 through 57 and any subsequently-recorded amended final maps,
parcel maps, certificates of correction, lot-line adjustments and/or records of survey, including
the Certificate of Compliance for Lot Line Adjustment recorded on December 8, 2016, as
Document No. 20161557655 in the records of Los Angeles County, California (the
“Community Center Site”), and (ii) Lots 10 and 12 shown on the unrecorded lot map entitled
“Tentative Tract Map No. 82633” prepared by Debra V. Schales, RCE#43101, Fuscoe
Engineering, dated May 1, 2019 (the “Central Park Site” and, together with the Community
Center Site, the “Site”).

C. As a condition of issuing building permits for each phase of the Redevelopment,
the City of Los Angeles (the “City”) requires that certain improvements be made to streets,
sewers, storm drains, street lights and street trees (the “B-Permit Improvements”). The Parties
anticipate that the B-Permit Improvements associated with development of the Site will include
(i) improvement to the streetscape of the southern half of Century Boulevard adjacent to the
northern boundary of the Community Center Site; (ii) improvement of the portion of Lou Dillon Avenue adjacent to the western boundary of the Community Center Site, together with the extension of Lou Dillon Avenue along the western boundary of the Central Park Site; and (iii) improvement of the portion of Juniper Street adjacent to the eastern boundary of the Community Center Site, together with the extension of Juniper Street along the eastern boundary of the Central Park Site (the “**Community B-Permit Improvements**”).

D. Responsibility for particular portions of the Community B-Permit Improvements have already been allocated to Michaels affiliates engaged in development of neighboring portions of the Redevelopment Site. Specifically, (i) pursuant to that certain Disposition and Development Agreement (the “**1B DDA**”) and that certain B-Permit Reimbursement and Offsite Improvement Access Agreement (the “**1B P-Permit Agreement**”), each dated June 1, 2018, by and between HACLA And Jordan Downs Phase 1B, LP, a California limited partnership (“**JD 1B**”), JD1B has responsibility for constructing the improvements to the portions of Lou Dillon Avenue and Juniper Street adjacent to the western and eastern boundaries, respectively, of the Community Center Site, among other things (the “**1B B-Permit Improvements**”); and (ii) pursuant to that certain Disposition and Development Agreement (the “**S3 DDA**”) and that certain B-Permit Improvement and Construction Access Agreement (the “**S3 B-Permit Agreement**”), each dated March 1, 2020, by and between HACLA and Jordan Downs Phase S3, LP, a California limited partnership (the “**JD S3**”), JD S3 has responsibility for constructing the extension of Lou Dillon Avenue along the western boundary of the Central Park Site, among other things (the “**S3 B-Permit Improvements**”). Any plan for development of the Site must include coordination and cost-sharing with JD 1B, JD S3, and other developers engaged in development of neighboring sites regarding Community B-Permit Improvements, to the extent overlapping with B-Permit Improvements required for the other neighboring sites.

E. Zoning and land use of the Community Center Site and Central Park Site are governed by that certain Jordan Downs Urban Village Specific Plan, dated August 19, 2013, prepared by the City of Los Angeles Department of City Planning and approved by the Los Angeles City Council on August 14, 2013, as amended on June 14, 2016 (as may be further amended from time to time, the “**Specific Plan**”).

F. Pursuant to the Third Amendment, (i) JDCP has delegated and assigned to Primestor, and Primestor has assumed and accepted from JDCP, as an extension of its obligations to develop the Retail Site under the First Amendment (Additional Terms Section 2), the obligations under the MDA to develop the Community Center Site and the Central Park Site, and (ii) HACLA has agreed to engage Primestor to develop the Community Center Site and the Central Park Site (collectively, the “**Project**”) pursuant to a separate Supplemental Agreement for Additional Services, namely, this Agreement.

**NOW, THEREFORE,** in consideration of the foregoing Recitals (which are incorporated herein by this reference), the mutual obligations under this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties, intending to be legally bound, hereby agree as follows:
ARTICLE I. ENGAGEMENT OF PRIMESTOR; SCOPE OF WORK

1.1 Engagement of Primestor as Developer.

1.1.1 HACLA, subject to the terms and conditions contained in this Agreement, hereby engages Primestor to develop a community center ("Community Center") on the Community Center Site and related improvements ("Central Park") on the Central Park Site (the "Additional Services"). The Additional Services are more particularly defined in the scope of work attached hereto as Exhibit A (the "Scope of Work" or the "Work").

1.1.2 As reflected on Exhibit A, the Scope of Work includes three (3) phases: a pre-development phase (the "Pre-Development Phase"), a construction documentation phase (the "Construction Documentation Phase"), and a development phase (the "Development Phase"). The Scope of Work includes a scope of work for the Pre-Development Phase (the "Pre-Development Scope of Work") and a preliminary scope of work for the Construction Documentation Phase (the "Construction Documentation Scope of Work") which will be informed by the Work performed during the Pre-Development Phase. HACLA and Primestor intend to amend this Agreement prior to proceeding with the Construction Documentation Phase to amend and refine the Construction Documentation Scope of Work, incorporate the Construction Documentation Budget and Construction Documentation Schedule (each as defined in Section 1.2.1), and make other adjustments (the "Construction Documentation Amendment"). Until HACLA and Primestor execute the Construction Documentation Amendment, Primestor’s engagement under this Agreement shall be limited to the Pre-Development Scope of Work. Likewise, the Scope of Work includes a preliminary scope of work for the Development Phase (the "Development Scope of Work") which will be informed by the Work performed during the Pre-Development Phase and the Construction Documentation Phase. HACLA and Primestor intend to amend this Agreement prior to proceeding with the Development Phase to amend and refine the Development Scope of Work, incorporate the Development Budget and Development Schedule (each as defined in Section 1.2.1), and make other adjustments (the "Development Amendment"). Until HACLA and Primestor execute the Development Amendment, Primestor’s engagement under this Agreement shall be limited to the Pre-Development Scope of Work and the Construction Documentation Scope of Work, when approved in the Construction Documentation Amendment.

1.2 Budget and Schedule.

1.2.1 Primestor has submitted and HACLA has approved the Pre-Development Scope of Work, the Pre-Development Phase budget attached hereto as Exhibit B (the "Pre-Development Budget"), and the Pre-Development Phase schedule attached hereto as Exhibit C (the "Pre-Development Schedule"). The Pre-Development Scope of Work, the Pre-Development Budget, and the Pre-Development Schedule include all major tasks and deliverables to be completed pursuant to this Agreement during the Pre-Development Phase. During the Pre-Development Phase, Primestor shall submit for HACLA’s review and approval a proposed budget and schedule for the Construction Documentation Phase (respectively, the "Construction Documentation Budget" and the "Construction Documentation Schedule").
and shall collaborate with HACLA to finalize same. During the Construction Documentation Phase, Primestor shall submit for HACLA’s review and approval a proposed budget and schedule for the Development Phase (respectively, the “Development Budget” and the “Development Schedule”), and shall collaborate with HACLA to finalize same.

1.2.2 The final Construction Documentation Budget and Construction Documentation Schedule shall be attached as exhibits to the Construction Documentation Amendment, and the final Development Budget and Development Schedule shall be attached as exhibits to the Development Amendment. Primestor must provide HACLA satisfactory evidence that Primestor has raised committed funds in an amount sufficient to cover at least fifty percent (50%) of the anticipated construction cost of the Project, and Primestor acknowledges and agrees that HACLA will not approve a Construction Documentation Budget or Construction Documentation Amendment until Primestor has satisfied this condition, as determined in HACLA’s sole and absolute discretion. Likewise, the Development Budget must reflect committed funds raised in an amount sufficient to cover one hundred percent (100%) of the final construction cost of the Project, plus a reasonable contingency, plus funding of the Seed Endowment (as defined in Exhibit A), as determined in HACLA’s sole and absolute discretion.

1.3 Developer Fee. As full compensation for Primestor’s undertaking and performance of the Scope of Work, HACLA shall pay Primestor a developer fee ("Developer Fee") on a cost-plus-fee basis, based on a cumulative fee of six percent (6%) of the actual combined cost to perform the Pre-Development Scope of Work, the Construction Documentation Scope of Work, and the Development Scope Work as approved by HACLA and reflected in (and limited by) the Pre-Development Budget, the Construction Documentation Budget, and the Development Budget (collectively, the “Budget”); provided, however, that, the Developer Fee shall be capped at, and shall not in any event exceed, Five Million and No/100 Dollars ($5,000,000.00) for the entire Scope of Work, including the Pre-Development Phase, the Construction Documentation Phase, and the Development Phase; provided, further, the foregoing limitation on the amount of the Developer Fee shall not limit HACLA’s obligation under any indemnification obligation to Primestor under this Agreement. Although the Budget includes the Developer Fee, calculation of the Developer Fee shall be based on the Budget excluding the Developer Fee. The Budget shall contain the payment schedule for the Developer Fee, consistent with the following:

1.3.1 The portion of the Developer Fee earned and payable during the Pre-Development Phase shall be capped at, and shall not in any event exceed, Six Hundred Fifty Thousand and No/100 Dollars ($650,000.00) for the entire Pre-Development Scope of Work (the “Pre-Development Phase Fee”), and shall be earned by and payable to Developer on a pro rata basis, proportionate to the percentage of Pre-Development Costs claimed for payment or reimbursement in a given monthly payment request pursuant to Section 3.1.10.2 below, as compared to the total Pre-Development Budget;

1.3.2 The portion of the Developer Fee earned and payable during the Construction Documentation Phase shall be capped at, and shall not in any event exceed, One Hundred Seventy-Five Thousand and No/100 Dollars ($175,000.00) for the entire Construction Documentation Scope of Work (the “Construction Documentation Phase Fee”), and shall be
earned by and payable to Developer on a pro rata basis, proportionate to the percentage of Construction Documentation Costs claimed for payment or reimbursement in a given monthly payment request pursuant to Section 3.1.10.2 below, as compared to the total Construction Documentation Budget;

1.3.3 The Pre-Development Phase Fee and the Construction Documentation Phase Fee shall be credited against the Developer Fee, with the remainder of the Developer Fee (the “Development Phase Fee”) payable as follows: (a) twenty percent (20%) upon closing of any construction financing and commencement of construction; (b) sixty percent (60%), earned by and payable to Developer on a pro rata basis, proportionate to the percentage of Development Costs claimed for payment or reimbursement in a given monthly payment request pursuant to Section 3.1.10.2 below, as compared to the total Development Budget; and (c) twenty percent (20%) upon final construction cost certification and issuance of Certificate of Completion by HACLA, together with delivery of the Owner’s Manual to HACLA, pursuant to Section 3.1.11 below.

1.4 Defined Terms & Master Development Agreement.

1.4.1 Capitalized terms used but not defined in this Agreement shall have the meanings set forth in the Master Development Agreement, unless the context clearly indicates otherwise. In the event of any conflict between the terms of the Master Development Agreement and this Agreement with respect to the Additional Services or the Work, the terms of this Agreement shall prevail.

1.4.2 Sections of the Master Development Agreement specifically referenced herein are incorporated into this Agreement by this reference, with Primestor undertaking the rights and obligations ascribed to Master Developer and Owner Entity therein, provided that both HACLA’s and Primestor’s obligations under this Agreement with respect to such MDA Sections shall be limited to the Community Center Site, the Central Park Site and Community B-Permit Improvements and shall not extend to other portions of the Redevelopment.

1.5 Cooperation. HACLA and Primestor agree to cooperate with one another in good faith in assisting each other in the performance of their respective duties and obligations under this Agreement.

1.6 Internal Communication. HACLA and Primestor shall use commercially reasonable efforts to keep each other informed of all material events, information and communications relating to the Work and other related matters that could impact performance of the same. Primestor shall cause copies of all written communications, requests for approval, draft plans or agreements, scheduling of meetings and proposed courses of action that relate to the Work to be sent to HACLA and shall use commercially reasonable efforts to provide HACLA with the opportunity for consultation in accordance with this Agreement. Furthermore, Primestor shall lead once every two weeks, or more often if either party deems necessary, progress conference calls or meetings with HACLA (“Regular Meetings”), respecting such matters as the progress of the Work, the amount of costs incurred, the estimated cost of completing the Work, and other such matters as either party deems appropriate. All Work produced by Primestor is
subject to review, evaluation, and approval by HACLA.

1.7 **External Communication.** The Parties agree to cooperate and consult with each other regarding any public statements or publications made regarding the Project. HACLA shall have the final decision with regard to communications with local, state and federal elected officials, former and prospective tenants, and with Recreation and Park Department of the City of Los Angeles (the “**Recreation and Parks Department**”) and the City generally relating to the Project.

1.8 **General Conditions.** The Governments Requirement Rider (“**5370 Rider**”), is attached hereto at Exhibit D and hereby incorporated as part of this Agreement. Primestor agrees to comply with, and attach to all contracts and/or agreements with any Third Party Contractors selected to perform the Work (“**Third Party Contractors**”), the 5370 Rider which incorporates the applicable provisions of the HUD General Conditions for Construction Contracts - Public Housing Projects Form 5370 and HUD General Conditions for Non-Construction Contracts Form 5370-C. In the event of any conflict between the terms of the 5370 Rider with any other provisions of this Agreement, the provisions of the 5370 Rider shall control.

**ARTICLE II. ADDITIONAL SERVICES – GENERAL OBLIGATIONS**

2.1 **Primestor Team.** Primestor has been selected by HACLA as a result of its expertise in the development and management of similar public and community facilities, financial solvency, dedication and ability to implement public/private partnerships and deliver on their public and community benefits. All of the activities and obligations to be executed and completed by Primestor under this Agreement shall be performed in accordance with the level of skill and care consistent with that ordinarily exercised by similar developers of first class urban mixed-finance, mixed-use developments.

2.2 **Third Party Contractor Requirements.**

2.2.1 HACLA hereby approves the Third Party Contractors described in Exhibit E-1. All additional Third Party Contractors to be utilized by Primestor to assist with the implementation of the Project and this Agreement must be selected in accordance with the policies and procedures for selection of Third Party Contractors approved by HACLA (the **“Procurement Plan for Jordan Downs Redevelopment”**) attached hereto as Exhibit E-2 and the requirements of Section 2.4 without regard to the source of funds that will compensate Third Party Contractors. Primestor shall employ due diligence to ensure that all Third Party Contractors engaged to provide services or supplies for the Project shall supply the skill and judgment necessary to perform the required services in compliance with the Development Schedule and the Budget and in accord with all requirements of their respective contracts. All contracts and/or agreements with Third Party Contractors shall comply with the requirements of Section 2.4. Affiliates of Primestor may compete in such process and may be selected if they demonstrate superior qualifications based on the selection factors utilized. In addition, all Third Party Contractors must have the insurance coverage listed at Exhibit E-3 as such type of listed
insurance may be appropriate to the specific contractor, and maintaining coverage during the entire contract period. HACLA shall be an additional insured under insurance carried by Third Party Contractors, where HACLA has an insurable interest. Primestor shall provide HACLA with satisfactory evidence that all Third-Party Contractors have been selected in accordance with this Section and without limiting any of the foregoing, require each of the following:

(i) Unless, in any given instance, a modification, variance or exception is provided by HACLA in writing, Primestor shall cause each and every Third Party Contractor to (A) provide evidence complying with the requirements of this Section 2.2, (B) maintain such coverage during the entire contract period, and (C) identify HACLA and Primestor as an additional insured under such insurance providing such additional insureds with the same coverage as provided to the named insured; provided, however, such policies need not afford such additional insureds the same administrative and control rights and obligations afforded to and imposed upon the named insured.

(ii) Each and every contract executed with a Third Party Contractor (a “Third Party Contract”) shall contain indemnification from such Third Party Contractor in favor of HACLA and Primestor from and against any and all actual or threatened causes of action, claims, charges, costs, damages, demands, enforcement actions, expenses, fines, injuries, judgments, liabilities, losses, penalties, administrative and judicial proceedings and orders, remedial actions (including, without limitation, any investigation, removal, and disposal costs and expenses), taxes, and all costs and expenses incurred in connection therewith (including, without limitation, reasonable attorneys’ fees, litigation, appellate, arbitration, or administrative proceeding costs, expert and consultant fees and laboratory costs), at law or in equity, of every kind or nature whatsoever, whether grounded in tort (including negligence), contract or any other theory of law, whether direct or indirect, known or unknown (“Claims”) to the extent arising in whole or in part from such Third Party Contractor’s acts or omissions. Notwithstanding anything to the contrary contained in this Agreement, HACLA acknowledges and agrees that Primestor shall have no responsibility to HACLA and shall not be liable to HACLA for any acts or omissions of any Third Party Contractor under any Third Party Contract except to the extent that any damage caused by such Third Party Contractor is caused by Primestor’s negligence or willful misconduct.

2.2.2 Approval by HACLA. All bids and contracts for Third Party Contractors shall require the prior written approval of HACLA.

2.2.3 Bid Packages; GC & Monitor Third Party Contracts. Prior to selection of any Third Party Contractor or execution of any Third Party Contract by Primestor, for each Third Party Contractor recommended by Primestor for Pre-Development Phase Work, Primestor shall submit the bid packages of each bidder and a cover letter explaining the criteria by which Primestor recommends such Third Party Contractor to HACLA for HACLA’s review and approval.

2.2.4 Relationship of Primestor with HACLA. No provision of this Agreement and no acts of the Parties shall be deemed or construed by the Parties, or by any third
person, to create the relationship of principal and agent, or of partnership, or of joint venture, or of any association between the Parties to this Agreement. Primestor is an independent contractor and not an agent of HACLA; Primestor has no authority to bind HACLA.

2.3 **Information and Confidentiality.**

2.3.1 HACLA shall provide to Primestor all information in HACLA’s possession and control and/or that HACLA is reasonably able to locate regarding the Site as such information is mutually agreed upon by HACLA and Primestor to be reasonably related to the Work under this Agreement. Primestor covenants and agrees (and Primestor shall use commercially reasonable efforts to obtain the covenant and agreement of each and every Third Party Contractor) to hold in confidence, and not to disclose to third parties or use for any purpose other than performance of Primestor’s obligations under this Agreement (and with respect to each Third Party Contractor, the performance of such Third Party Contractor’s performance under its Third Party Contract), all or any part of the provisions of this Agreement and Exhibits and the information (including the location and type of work performed) maps, data, plans, reports, manuscripts, procedures, schedules, drawings, specifications, results, models, computer programs or any Work Product that is (i) received or ascertained by Primestor, directly or indirectly, from HACLA, its licensors, employees, contractors, subcontractors, or consultants, or (ii) originated or otherwise acquired by Primestor, its employees, representatives, or subcontractors, in connection with, as a result of, or incident to performance of its obligations under this Agreement (the “Confidential Information”). Primestor shall also prohibit its employees, agents and representatives (and shall cause each Third Party Contractor to agree to prohibit its respective employees, agents and representatives) from posting or disseminating information about or images (photographs, digital photographs, videos of all kinds, as a non-exhaustive list of examples) of the Site, and/or the work on or through any social media or other electronic or print outlet, without the express, written consent of HACLA.

2.3.2 Notwithstanding the foregoing subsection, the term “Confidential Information” shall not, for the purposes of this Agreement, include any information which (a) at the time of disclosure or thereafter is generally available to and known by the public other than as a result of a disclosure by Primestor or any Third Party Contractor in breach of this Agreement or (b) was or becomes available to Primestor or any Third Party Contractor on a non-confidential basis from a source not known by Primestor or such Third Party Contractor to be bound by a confidentiality agreement with, or other contractual, legal or fiduciary obligation to, HACLA, or (c) to the extent disclosure is required by applicable laws, rules, codes or regulation of any federal, state or local agency or agencies. In the event that Primestor or any Third Party Contractor is required by law to disclose any Confidential Information, Primestor or such Third Party Contractor shall promptly notify HACLA of such requirement so that HACLA, at its expense, may seek an appropriate protective order or waive compliance with the provisions of this Agreement, and/or take any other action.

2.4 **Local Hire and Section 3 Requirements.** Primestor shall provide HACLA with satisfactory evidence that it will comply with Section 3 of the Housing and Urban Development Act of 1968 and its implementing regulations 24 CFR Part 135 (“Section 3”), as such may be amended from time to time, and Master Developer’s HACLA-approved Plan for Local Hiring
and Section 3 Contracting. Primestor shall comply with the Section 3 requirements set forth in the (i) Local Hire and Section 3 Rider attached hereto as Exhibit F-1 (the “Local Hire and Section 3 Rider”), (ii) Pre-Development Section 3 Plan (the “Pre-Development Section 3 Plan”) attached hereto as Exhibit F-2 during the Pre-Development Phase and the Construction Documentation Phase, and (iii) the Construction Section 3 Plan attached hereto as Exhibit F-3 (the “Construction Section 3 Plan”) during the Development Phase.

2.5 **Evidence of Outreach and Inclusion of Minority, Women-Owned, Small, Labor Surplus Area and Section 3 Businesses.** Primestor shall provide HACLA with satisfactory evidence that consistent with HACLA’s Procurement Policy and HUD Guidance on assistance to minority, women owned, small, labor surplus area and Section 3 Businesses, it has used best efforts to notify and include these types of businesses in procurement and contracting opportunities and has not unjustifiably rejected bids/proposals from such businesses, and in all respects consistent with the conditions imposed in the Procurement Plan for Jordan Downs Redevelopment and the Local Hire and Section 3 Rider.

2.6 **Continuation of Work.** So long as HACLA is current in all reimbursements and disbursements required under this Agreement, Primestor shall use commercially reasonable efforts to perform the Additional Services and pursue the completion of the Work, and shall use commercially reasonable efforts to limit the rights of Third Party Contractors to stop work or suspend performance during the pendency of any disputes concerning such Third Party Contractors’ contracts.

**ARTICLE III. ADDITIONAL SERVICES – SPECIFIC OBLIGATIONS AND ACTIVITIES.**

3.1 **HACLA’s Obligations and Activities.** HACLA’s obligations are as follows:

3.1.1 **License to Access to Site.** Upon satisfaction of the following conditions, HACLA shall give Primestor a non-exclusive license to access the Site pursuant to that certain License Agreement of even date executed by and between HACLA and Primestor (the “License Agreement”):

3.1.1.1 Primestor has submitted evidence acceptable to HACLA demonstrating that Primestor has obtained the insurance coverage required under this Agreement;

3.1.1.2 For any Third Party Contractor to whom Primestor wishes to permit access to the Site, Primestor has submitted evidence acceptable to HACLA that (a) such Third Party Contractor has entered into a Third Party Contract and that such Third Party Contract complies with the requirements of Section 2.2 and (b) such Third Party Contractor has the insurance coverage required under Section 2.2.1; and

3.1.1.3 From time to time as Primestor commences an element of the
Scope of Work requiring access to the Site, Primestor shall notify HACLA at least thirty (30) days in advance of such anticipated access to provide HACLA with ample time to coordinate among Primestor, JD 1B, JD S3, and other third parties to whom HACLA has given access to the Site.

3.1.2 **HUD Approvals.** HACLA will from time to time submit to HUD such requests for approval as are necessary, or in HACLA’s sole and absolute discretion advisable, to facilitate development of the Site in accordance with the Section 18 Demolition Disposition Approval Letter dated June 3, 2016, as amended. Without limiting the foregoing, before execution or recordation of any deed of trust, mortgage, ground lease, or other instrument conveying any interest in the Site or encumbering the Site, HACLA shall request and obtain HUD’s approval of the conveyance or encumbrance or release of the Site from the HUD Declaration of Trust. Primestor will provide HACLA with title, survey, and other information from its investigation of the Site as needed to obtain such approvals.

3.1.3 **Environmental Conditions and Site Investigation.** With respect to the Site, HACLA is responsible to submit all required documents to HUD and any other governmental entity, as required by applicable law and regulation, for review of the environmental impact of the Community Center and Central Park in accordance with 24 C.F.R. Part 58 (or Part 50, as applicable). HACLA shall provide to Primestor all testing performed to date with respect to the Site and shall collaborate with Primestor to determine additional testing and investigation that may be necessary or advisable to undertake during the Pre-Development Phase.

3.1.4 **Clean and Buildable Condition; Demolition.** Prior to the Development Phase, HACLA shall deliver the Site to Primestor in a Clean and Buildable Condition (as defined in the Master Development Agreement), including without limitation demolition of existing improvements on the Central Park Site to be conducted in accordance with the Demolition Plan and Demolition Schedule adopted pursuant to Section 4.4 of the Master Development Agreement. If there is any delay in carrying out the Demolition Work, HACLA and Primestor shall cooperate in adjusting the Development Budget, Development Schedule, and Critical Path Schedule accordingly.

3.1.5 **Nonprofit Entity Formation; Collaboration.** During the Pre-Development Phase, HACLA will develop the following in consultation with Primestor:

3.1.5.1 Cause the formation of one or more 501(c)(3) nonprofit corporations, which will facilitate fundraising for development of the Site and foster the long-term operational and financial viability of the improvements constructed and programs operated thereon (each, a “Community Nonprofit Entity”).

3.1.5.2 Develop a collaboration plan (“Collaboration Plan”) with Recreation and Parks Department that conceptually describes the anticipated long-term involvement of Recreation and Parks Department in managing, maintaining, and operating the Community Center and Central Park and making services and programs available to residents on the Site. The Collaboration Plan will also identify other operators who may provide
programming on the Site and the space needs and resources associated with each. It is currently anticipated that, once Primestor has completed development of the Site, HACLA will enter into a long-term ground lease or operations and maintenance agreement with Recreation and Parks Department as tenant or primary operator (the “Rec and Park Occupancy Agreement”). The Collaboration Plan will conceptually describe the anticipated role of Recreation and Parks Department and the basic terms to be included in the Rec and Park Occupancy Agreement, together with the anticipated structure of other operators who may provide programming independently alongside or under the supervision of Recreation and Parks Department.

3.1.5.3 Collaborate with Primestor and Recreation and Parks Department to develop the Site Plan, the Services Plan, and the Space Plan (each as defined and described in the Pre-Development Scope of Work).

3.1.5.4 Collaborate with Primestor, Recreation and Parks Department, and the City generally to develop and implement the Fundraising Plan (as defined and described in the Pre-Development Scope of Work).

3.1.6 **Execution of Documents.** HACLA shall maintain sole authority for the execution of documents required of HACLA as the owner of the Project or as required by applicable law or regulation. Whenever a statute or regulation or the successful implementation of this Agreement requires HACLA to take actions or execute documents to accomplish the Scope of Work, HACLA will do so promptly, so as not to impede the orderly progress of the Work. Without limiting the foregoing, during the Development Phase HACLA will use commercially reasonable efforts to negotiate and enter into contracts to facilitate the successful launch of operations on the Site upon completion of the Development Phase, including without limitation anticipated occupancy and services agreements with Recreation and Parks Department and other service providers.

3.1.7 **Project Support and Coordination.** HACLA shall provide assistance with the Project in regards to local agencies, HUD, Recreation and Parks Department, lenders, donors, service and program providers, and other applicable parties and will agree to reasonable requirements imposed on the Project by local authorities, any lenders and/or major donors investing in the Project. HACLA shall provide, to the extent appropriate, assistance requested by Primestor in obtaining licenses, approvals, permits, clearances, or other cooperation from local, state, and Federal agencies, HUD, Recreation and Parks Department, and other local governing bodies and public agencies and shall execute applications and site control letters if required by such agencies or entities; however, Primestor shall have the primary responsibility for obtaining such approvals except as otherwise provided in this Agreement. HACLA shall also satisfy all obligations and reporting requirements for any grants or funds received by HACLA to support the Project except those that are passed through to Primestor as additional funding provided by HACLA pursuant to Section 3.1.10.1 below. In addition, HACLA shall facilitate coordination with Master Developer and other Owner Entities involved in the Redevelopment pursuant to the Master Developer Agreement with respect to infrastructure, construction site, safety, traffic, and other concerns applicable to the Scope of Work.

3.1.8 **Provide Information.** HACLA shall provide all available information relating to the Site, as expeditiously as necessary, for the orderly progress of the Scope of Work.
In addition, HACLA shall coordinate closely with Primestor regarding all communications with Recreation and Parks Department and the City generally with respect to the Project. HACLA will respond as promptly as possible, within its management structure, to questions that may arise during Project administration.

3.1.9 **HACLA Performance Timeframes.**

3.1.9.1 **Generally.** HACLA shall promptly review any matter submitted to it and advise the Primestor of approval or why approval is being withheld. Except as expressly set forth in this Agreement, HACLA’s approval of any matter required under this Agreement shall not be unreasonably withheld, conditioned or delayed. HACLA shall use reasonable efforts to achieve all HACLA-related Critical Path Schedule (as defined in Exhibit A) deadlines as the same shall be updated, modified, extended or amended as contemplated by this Agreement. HACLA acknowledges that its failure to achieve its Critical Path Schedule deadlines may impede the ability of Primestor to proceed with the Work in accordance with the Critical Path Schedule and agrees to extend any deadline so affected by the inability to achieve a Critical Path Schedule deadline.

3.1.9.2 **Approvals During the Pre-Development Phase.** With respect to the development of the Site Plan, Space Plan, Plans and Specifications (each as defined in Exhibit A), and Construction Contract during the Pre-Development Phase, HACLA shall approve or disapprove submittals within ten (10) business days of receipt of the submittal from Primestor. In the event HACLA disapproves a submittal, HACLA shall submit a list of reasons for such disapproval to Primestor, together with its notice of disapproval. Upon receipt of such a list, Primestor shall have ten (10) business days to resubmit a revised submission. Upon its receipt of a revised submission, HACLA shall have five (5) business days (or in the event HACLA Board action is required as soon as reasonably possible) to approve or disapprove of the revised design.

3.1.9.3 **Approvals During the Construction Documentation Phase and Development Phase.** Once HACLA has approved the final Site Plan, Space Plan, Plans and Specifications, and Construction Contract, Primestor shall not make any material changes in those documents, excluding any change required for compliance with building codes or other government health and safety requirements, without the prior written approval of HACLA, which approval shall be granted in HACLA’s reasonable discretion and within the time periods set out in Section 3.1.9.2 above. Primestor shall not make any material change required for compliance with building codes or other government health and safety requirements without giving prior notice to HACLA.

3.1.10 **HACLA Contribution to Funding of the Project.**

3.1.10.1 HACLA shall provide funding to cover all costs and expenses included in the Pre-Development Budget in the form of a pre-development loan (the “**HACLA Pre-Development Financing**”) evidenced by a Promissory Note in the maximum principal amount of the Pre-Development Budget executed by Primestor in favor of HACLA, a Loan Agreement executed by and between HACLA as Lender and Primestor as Borrower, and a collateral assignment of Third Party Contracts and related work product, all of even date with
this Agreement (collectively, the “HACLA Loan Documents”). During the Pre-Development Phase, HACLA shall work with Primestor to identify and secure additional sources of funds. HACLA will consider in good faith providing additional amounts in the future if available and if Primestor has failed, despite Best Efforts, to obtain sufficient funding from non-HACLA sources. However, HACLA makes no commitment to provide additional funding. Primestor acknowledges that a key factor in its selection was its ability to develop and implement the Fundraising Plan and to obtain financing from other sources to leverage HACLA’s investment in the Project.

3.1.10.2 As described in greater detail in the HACLA Loan Documents, Primestor shall submit disbursements of HACLA Pre-Development Financing on a monthly basis. Each monthly payment request shall be made in accordance with the payment procedures included at Exhibit H and shall (a) identify the line item in the Pre-Development Budget for which such payment is to be applied against, (b) attach thereto such invoices, identification of services rendered, or other evidence of obligation due and owing, as well as documentation related to the HACLA Section 3 MBE/WBE/DBE Policy as described in the Local Hire and Section 3 Rider, and wage rate compliance, and (c) be signed by an authorized representative of Primestor. No request for a payment shall be in excess of the applicable line item without HACLA’s prior written approval.

3.1.10.3 Disbursements of HACLA Pre-Development Financing will be payable within thirty (30) days after HACLA’s receipt of the payment request (which requests shall not be made more often than monthly), unless HACLA provides written notice to Primestor of its reasonable objection to all or any part of such payment request within fifteen (15) business days of the date of its receipt of such request. Unless Primestor makes the necessary corrections to the payment request, HACLA shall have no obligation to fund such disputed item(s). Following Primestor’s correction of such payment request to the satisfaction of HACLA, HACLA shall pay to Primestor for such payment request as provided above.

3.1.10.4 Prior to any disbursement of funds by HACLA hereunder, Primestor shall provide HACLA with a sworn statement that describes all contracts executed by Primestor concerning the Work, the names and addresses of all Third Party Contractors, the date of each contract between Primestor and Third Party Contractors and any supplements or amendments thereto, the nature and scope of the work covered thereby, and the aggregate amount heretofore paid or thereafter to be paid to each Third Party Contractor thereunder. Moreover, the sworn statement shall state whether said contracts cover all of the work required to be done and all of the materials necessary for the completion of the work covered by this Agreement, and, if not, providing sufficient information to enable HACLA to estimate the cost of any work or materials not so covered. In addition, Primestor shall supply HACLA with releases and waivers of liens from all Third Party Contractors covering all “hard-cost” Pre-Development Phase work done with respect to this Agreement and paid for by proceeds of the previous disbursement (less applicable retention, if any), or otherwise paid for, all in compliance with the mechanics’ lien laws of the State of California, together with such invoices, contracts, or other supporting data as HACLA shall reasonably require and HACLA may request written documentation and certifications concerning the payment of “soft-costs.” Primestor’s furnishing of releases and lien waivers in accordance with this Section shall be a condition precedent to receiving disbursements of HACLA Pre-Development Financing and any other funding provided
by HACLA.

3.1.11 Certificate of Completion.

3.1.11.1 Within ten (10) days after written request by Primestor following completion of construction of the Project in accordance with the Plans and Specifications and if applicable, upon Primestor’s obtaining a certificate of occupancy or temporary certificate of occupancy from the City, HACLA shall deliver to Primestor a Certificate of Completion for the Project (the “Certificate of Completion”), together with an Owner’s Manual for the Community Center and Central Park containing the final Site Plan, Space Plan, Plans and Specifications, as-built survey, and all warranties and manuals associated with all improvements and equipment placed within the improvements on the Site (the “Owner’s Manual”).

3.1.11.2 HACLA shall not unreasonably withhold a Certificate of Completion, but shall not be obligated to issue such Certificate of Completion until construction of the Project has been completed in accordance with the Plans and Specifications. Such Certificate of Completion shall be, and shall so state, conclusive determination of satisfactory completion of the Project in accordance with this Agreement and the HACLA Loan Documents. In the event any requirements of this Agreement, including, but not limited to, construction of the Project in conformance with the Plans and Specifications, have not been fully satisfied by Primestor as of the date of Primestor’s request for a Certificate of Completion, HACLA may deny Primestor’s request for a Certificate of Completion or issue the Certificate of Completion subject to such conditions subsequent as HACLA may deem necessary to ensure full satisfaction with the requirements of this Agreement.

3.1.11.3 The Certificate of Completion shall be in such form as to permit it to be recorded in the Office of the Recorder of Los Angeles County. If HACLA fails to deliver the Certificate of Completion within ten (10) business days after written request from Primestor, HACLA shall provide Primestor with a written statement of its reasons (the “Statement of Reasons”) within such ten (10)-day period. The statement shall also set forth the actions Primestor must take to be entitled to obtain the Certificate of Completion. If the reasons are confined to the immediate unavailability of specific items or materials for landscaping, or to so-called “punch list” items identified by HACLA, HACLA shall issue the Certificate of Completion no later than five (5) days following the delivery of a bond or letter of credit by Primestor to HACLA in an amount representing HACLA’s estimate of the cost to complete the work, or other security deemed sufficient by HACLA to ensure completion of the work. Notwithstanding any other provision of this Agreement, the failure by HACLA to issue a Certificate of Completion or Statement of Reasons within thirty (30) days after request by Primestor shall be deemed to constitute HACLA’s concurrence that construction of the Project has been completed as required by this Agreement or HACLA Loan Documents; however, this shall not relieve HACLA of its obligation to issue a Certificate of Completion in accordance with this Section.

3.1.11.4 Such Certificate of Completion shall not constitute evidence of compliance with or satisfaction of any obligation of Primestor to any lender except HACLA, or any other person or entity. Such Certificate of Completion is not notice of completion as referred to in Section 3093 of the California Civil Code. Such Certificate of Completion shall not be
deemed to constitute satisfaction of any continuous obligations of the Primestor under HACLA Loan Documents.

3.1.11.5 As a condition of issuance of the Certificate of Completion, Primestor’s construction manager/contractor and architect shall certify that the Project has been constructed in compliance with all applicable disabled access requirements as of the date of the completion (when the last certificate of occupancy is issued by the City).

3.2 Primestor’s Obligations and Activities. Primestor’s Additional Services obligations and activities are as fully described at Exhibit A. In addition:

3.2.1 Work Product. Primestor shall submit all documents, reports, drawings, lab data sheets, maps, photographs and any and all other documents produced in furtherance of this Agreement (the “Work Product”) for HACLA’s review and approval, within the time frames set forth in the Schedule, such approval will not be unreasonably withheld. HACLA shall own the Work Product, including all copyrights and other rights relating thereto, all of which shall be deemed to be works for hire within the meaning of the Copyright Act, 17 U.S.C. Section 101 et. seq. No party shall have any Claim for further employment or additional compensation as a result of exercise by HACLA of its full rights of ownership of the Work Product.

3.2.2 Assignment of Contracts. Primestor acknowledges and agrees that in the event that this Agreement is terminated, Primestor shall assign to HACLA all of its rights, title, and interest in and to all (i) Plans and Specifications, (ii) Licenses and Permits, (iii) Third Party Contracts pursuant to Section 2.2 herein, provided HACLA reimburses Primestor for the amounts paid by Primestor under the Third Party Contracts and not yet reimbursed by HACLA, and (iv) work product arising from Third Party Contracts.

3.2.3 Compliance with Budgets.

3.2.3.1 Primestor shall comply at all times with the Budget, as such Budget is amended from time to time in accordance with this Agreement. Any changes to the Budget must be approved in advance by HACLA. The Work covered by this Agreement includes all work required by subcontractors and professionals to carry out the Scope of Work. Should there be a need to enter into further contracts or subcontracts to complete the Work, Primestor shall not award any contract or subcontract related to the Work in an amount that exceeds the Budget without prior written approval by HACLA of a revised Budget encompassing such increase. Primestor shall not approve change orders under contracts or subcontracts related to the Work that would cause an increase or decrease in total projected costs of the subject element of the Work in excess of the corresponding amounts in the approved Budget without prior written approval by HACLA of a revised Budget encompassing such increase or decrease. Primestor shall revise the identified sources of funds as needed to reflect changes in uses reflected in each Budget revision, which revisions must be approved by HACLA.

3.2.3.2 Without limiting HACLA’s obligations relative to an approved
Budget, if, and to the extent that in connection with future Budget revisions, HACLA informs Primestor in writing that it does not have funds available and authorized to be expended for one or more line items within a proposed Budget revision, Primestor shall either, in the exercise of its sole discretion, (1) reanalyze its line items to see if the Work can be accomplished within the funds available or (2) not be obligated to commence the corresponding element of the Work until it receives written confirmation that the subject funds are available and authorized.

3.2.3.3 Authorization to Primestor by HACLA to cause or permit commencement of Work contracted for by Primestor for any Additional Service shall constitute a representation by HACLA that (i) funds for the payment of third-party costs for such Third Party Contract, as budgeted, have been authorized and appropriated, as required, and are available for such use, and (ii) amounts for the payment of Primestor’s compensation, as budgeted, for such Additional Service have been authorized and appropriated, as required, and are available for such use.

3.2.4 Site Conditions.

3.2.4.1 Primestor acknowledges that prior to the date hereof, the City and HACLA certified an Environmental Impact Report (the “EIR”) and its related Mitigation and Monitoring Program attached hereto as Exhibit I-1 (as amended consistent with applicable law from time to time, the “Mitigation Measures”). Primestor will comply with the terms of the EIR, the Mitigation Measures, the Waste Soil Management Plan attached hereto as Exhibit I-2 and related conditions of approval adopted by the City or HACLA prior to the date hereof to the extent applicable to the Site. (the “Environmental Documentation”).

3.2.4.2 Primestor shall restore any damage caused to the Site as a result of its investigation of Site Conditions in the Pre-Development Scope of Work. Primestor shall also indemnify, defend and hold harmless HACLA, any Affiliate of HACLA or the City, and the City and HACLA’s respective board members, commissioners, directors, elected and appointed officers and officials, employees, members, agents, consultants, volunteers and representatives (all of the foregoing, the “Authority Indemnitees”) from and against any all Claims arising in connection with physical damage to the Site or other damage or injury to persons or property which results in whole or in part from Primestor’s investigations except to the extent arising from HACLA’s gross negligence or willful misconduct or for the mere discovery of pre-existing conditions (which indemnity and defense obligations shall survive the expiration or earlier termination of this Agreement); provided, however, Primestor shall indemnify, defend and hold harmless the Authority Indemnitees from all Claims arising in connection with any Primestor act or omission which exacerbates or disturbs any preexisting condition.

3.2.5 Hazardous Materials.

3.2.5.1 The following capitalized terms shall have the following meanings when used in this Agreement:

(i) “Hazardous Materials” shall mean any chemical, compound,
material, mixture, or substance that is now or may in the future be defined or listed in, or otherwise classified pursuant to any Environmental Laws (defined below) as a “hazardous substance,” “hazardous material,” “hazardous waste,” “extremely hazardous waste,” “infectious waste,” “toxic substance,” “toxic pollutant,” or any other formulation intended to define, list or classify substances by reason of deleterious properties such as ignitability, corrosivity, reactivity, carcinogenicity, or toxicity. The term “Hazardous Materials” shall also include asbestos or asbestos-containing materials, radon, chrome and/or chromium, polychlorinated biphenyls, petroleum, petroleum products or by-products, petroleum components, oil, mineral spirits, natural gas, natural gas liquids, liquefied natural gas, and synthetic gas usable as fuel, perchlorate, and methyl tert butyl ether, whether or not defined as a hazardous waste or hazardous substance in the Hazardous Materials Laws.


3.2.5.2 Primestor shall not permit, and shall take all commercially reasonable measures to prevent, the use, generation, treatment, manufacture, storage, disposal, or transportation of Hazardous Materials at, in, on, or under the Site, or any portion thereof.

3.2.5.3 Primestor shall not permit, and shall take all commercially reasonable measures to prevent, the presence, in violation of any applicable law, of Hazardous Materials at, in, on, or under the Site.

3.2.5.4 Primestor shall (i) comply with the EIR, the Mitigation Measures, and the other Environmental Documentation, (ii) comply with all Hazardous Materials Laws, and (iii) keep and maintain the Site, and each portion thereof, in compliance with, and shall not cause or permit the Site, or any portion thereof to be in violation of, any Hazardous Materials Laws.

3.2.5.5 Primestor shall immediately notify HACLA in writing if Primestor
becomes aware of any actual, suspected, or alleged (a) Hazardous Materials on the Site or any occurrence or condition on any real property adjoining or in the vicinity of the Site classified as “borderzone property” under the provisions of California Health and Safety Code, Sections 25220 et seq.; or (b) physical, surface, subsurface, or latent conditions at, in, on, or under the Site that will adversely affect the Work from a safety, cost or timing perspective or otherwise.

3.2.5.6 Notwithstanding any contrary provision hereof, construction materials, gardening materials, household products, office supply products and janitorial supply products customarily used in the construction, maintenance, rehabilitation, or management of residential property, and which are used, stored, and disposed of in accordance with all applicable Hazardous Materials Laws may be used in connection with the construction of the Community Center and Central Park.

3.2.5.7 Without limiting the generality of any other indemnification set forth herein, Primestor hereby agrees to indemnify, protect, hold harmless, and defend (by counsel reasonably satisfactory to HACLA) the Authority Indemnitees from and against any and all Claims arising, in whole or in part, out of: (i) any actual or alleged breach of the promises set forth in this Section 3.2.5; or (ii) any activity carried out on, or undertaken on or adjacent to the Site, by Primestor or any of its affiliates, employees, agents, contractors or subcontractors, in connection with the handling, treatment, removal, storage, decontamination, cleanup, transport, or disposal of any Hazardous Materials in, into, on, at, under, from, to, or around the Site.

3.2.5.8 The provisions of this Section 3.2.5 shall survive the expiration or earlier termination of this Agreement.

3.2.6 Environmental Work. During the Pre-Development Phase, Primestor shall be responsible for performing any investigation, remediation, mitigation, and/or monitoring (collectively, “Environmental Work”) which may be required by applicable law in, on, under, or around the Site in order to develop the Community Center and Central Park and have been approved in writing by HACLA. The determination as to whether any such Environmental Work is needed, and as to the scope and methodology thereof, shall be made by the governmental agency with responsibility for the Environmental Work and HACLA. Primestor shall notify HACLA promptly upon discovery of any Hazardous Materials at levels above the most rigorous and protective environmental screening level issued, formally or informally, by a regulatory or government agency (whether state, local, or federal) applicable to residential properties (a non-exhaustive list of examples of such screening levels includes, but is not limited to, the Environmental Screening Levels (published by the San Francisco Bay Regional Water Quality Control Board), Maximum Contaminant Levels, Public Health Goals, or the California Human Health Screening Levels), and shall consult with HACLA and the appropriate regulatory or governmental agency in order to establish the extent of Environmental Work to be undertaken and the procedures by which such Environmental Work shall take place. Primestor shall comply with, and shall cause its agents and contractors to comply with, all laws regarding the use, management, labeling, removal, storage, transportation, disposal, investigation, monitoring, and/or remediation of Hazardous Materials. The Environmental Work shall be carried out in accordance with all applicable laws (including Hazardous Materials Laws) and such other procedures and processes as may be described in this Agreement.
3.2.7 **Primestor Insurance.** During the Pre-Development Phase and the Construction Documentation Phase, Primestor shall maintain and keep in full force and effect all of the insurance coverages required of Third Party Contractors in Section 2.2. During the Development Phase, Primestor shall maintain (or contract to be maintained by the appropriate parties) and keep (or contract to be kept by the appropriate parties) in full force and effect the polices of insurance described in Sub-Sections 3.2.7.1, 3.2.7.2 and 3.2.7.3 of this Section. Prior to the commencement of any construction of the Project, Primestor shall ensure that the Project is covered by the insurance coverages in Sub-Sections 3.2.7.4 and 3.2.7.5 of this Section. Each liability policy and the property insurance policy shall name HACLA and its board members, commissioners, directors, elected and appointed officers and officials, employees, agents and consultants as additional insureds. Each policy shall be underwritten and issued by reputable companies authorized to do business in California with an A.M. Best’s rating of not less than A:VII, shall not be subject to cancellation without thirty (30) days’ prior written notice to HACLA, and shall be primary and non-contributing to any insurance carried by HACLA. Any language purporting to limit the insurer’s liability for failure to give the required 30-day prior written notice shall be unacceptable to HACLA. Primestor shall provide HACLA with certificates of insurance and endorsements evidencing the required insurance, and upon request, copies of all insurance policies. All liability policies shall be written on an occurrence basis.

3.2.7.1 Commercial General Liability (CGL) insurance, insuring for legal liability of Primestor, and caused by bodily injury, property damage, personal injury or advertising injury, contractual liability, and products and completed operations arising out of the performance of the Scope of Work and including the costs to defend such actions brought against Primestor. Limits of the policy shall be not less than Five Million Dollars ($5,000,000) per occurrence; provided however, during the period prior to the start of construction such limit may be reduced to Two Million Dollars ($2,000,000). During construction, Primestor shall be obligated to maintain CGL coverage consistent with the requirements of this paragraph with coverage in the amount of Two Million Dollars ($2,000,000) and the general contractor shall be required to maintain CGL coverage consistent with the requirements of this paragraph with coverage in the amount of Five Million Dollars ($5,000,000). Upon completion of construction, Primestor shall be required to maintain CGL coverage consistent with the requirements of this paragraph with coverage in the amount of Five Million Dollars ($5,000,000).

3.2.7.2 Worker’s Compensation insurance, insuring for occupational disease or injury and employer's liability, and covering Primestor’s full liability for statutory compensation to any person or persons who perform work for Primestor or perform duties on the Site, and liability to the dependents of such persons. The policy will be in a form which complies with the worker's compensation acts and safety laws of the State of California. Worker’s Compensation limits shall be not less than One Million Dollars ($1,000,000) per occurrence;

3.2.7.3 Automobile Liability insurance, insuring for legal liability of Primestor, and caused by bodily injury, property damage, or personal injury arising out of the ownership or use of motor vehicles, including uninsured motorist liability, and including the costs to defend such actions brought against Primestor. Limits of the policy shall be not less than One Million Dollars ($1,000,000) each occurrence combined single limit per accident;
3.2.7.4 Property insurance covering the Project, in form appropriate for the nature of such property, covering all risks of loss, excluding earthquake, for one hundred percent (100%) of the replacement value, with deductible, if any, acceptable to HACLA, naming HACLA as a loss payee, as its interests may appear. Flood insurance shall be obtained if required by applicable federal regulations; and

3.2.7.5 Builder’s Risk insurance, insuring for all risks of physical loss of or damage (including the perils of fire, vandalism and malicious mischief, excluding the perils of earthquake, and excluding the perils of flood unless specifically required by HACLA) to the Project, and personal property of Primestor used to maintain or service the Project construction. Limits of policy will be the estimated replacement value of the Project.

ARTICLE IV. INFRASTRUCTURE COORDINATION; B-PERMIT WORK.

4.1 Infrastructure Coordination. Primestor shall be responsible for: (a) assisting in coordinating with HACLA, JD 1B, and JD S3 with respect to the overlapping Community B-Permit Improvements and 1B B-Permit Improvements and S3 B-Permit Improvements, to ensure existing residents have access to adjacent public and private streets, subject to HACLA’s obligation to deliver the Site in a Clean and Buildable condition and to ensure that costs are allocated appropriately between Primestor and the Site on the one hand, and JD 1B and JD S3 and their respective sites on the other; (b) coordinating with utility providers for the Site, be responsible for all utility connections and associated fees for the Site from the Site’s property line into the Community Center and Central Park, as applicable, and be responsible for a proportionate share of the infrastructure, fees, design/engineering, and construction and other costs associated with bringing all utilities to the Site; (c) coordinating, constructing or causing to construct any supplemental improvements on Century Boulevard required by the City in order for Primestor to obtain building permits in connection with the Site such as monument or entry signage, traffic signals, and unique paving or landscape treatments.

4.2 Community B-Permit Improvements. Primestor and HACLA shall coordinate with JD 1B, JD S3, and any other third party developers engaged by HACLA from time to time with respect to the Redevelopment who may have overlapping responsibility for the Community B-Permit Improvements. During the Pre-Development Phase, HACLA and Primestor shall negotiate such cost-sharing and other agreements with JD 1B, JD S3, and such other third party developers as may be necessary or appropriate to allocate responsibility and cost for implementing the Community B-Permit Improvements in a manner that efficiently facilitates the development of the Site in the context of the overall Redevelopment. Prior to execution of the Construction Documentation Amendment, Primestor, HACLA and other applicable third party developers shall enter into an agreement allocating responsibility and costs for the Community B-Permit Improvements. Primestor shall implement, oversee, manage, and have constructed the Community B-Permit Improvements accordingly during the Development Phase and shall ensure that said costs are included in the Development Budget.

ARTICLE V. CONTRACT NEGOTIATIONS AND PROCUREMENT.
5.1 **Contracts.** In no event shall Primestor contract with any party that has been debarred or suspended by HUD or the Federal Government. All contracts entered into by Primestor with third parties shall contain all standard provisions and certifications required by HUD and shall otherwise be consistent with the requirements of this Agreement. Primestor shall negotiate and enter into contracts with all of the architects and consultants constituting the Primestor team members and any other engineers, contractors, and consultants necessary to complete and execute the activities and obligations required to be performed in the Work and as provided in Article II of this Agreement.

5.2 **Terms and Pricing.** The price of each contract let hereunder by Primestor shall be at a competitive market price and within the scope of the Budget. Any technical services and project management contracts shall not exceed contract amounts and shall contain milestones approved by HACLA.

5.3 **Standard Terms.** Third Party Contracts entered into by Primestor pursuant to this Agreement shall apply to the specified Work only.

5.4 **Affiliated Entities.** Primestor shall not enter into any trade contract, equipment rental contract, purchase order, construction contract, or other agreement (“Arrangement”) in connection with the Work with any party controlling, controlled by, or under common control or otherwise affiliated with Primestor, unless such Arrangement has been approved in writing by HACLA, after full disclosure in writing by Primestor to HACLA of such affiliation or relationship and all details relating to the proposed Arrangement.

**ARTICLE VI. CONSTRUCTION.**

6.1 **Prosecution of the Work.** During the Development Phase, Primestor shall diligently prosecute or cause to be prosecuted to completion the construction of the Community Center, Central Park and B-Permit Improvements in accordance with the HACLA-approved Plans and Specifications, Development Budget, any applicable Project Labor Agreement, and otherwise in accordance with the terms of this Agreement, and shall complete or cause to be completed such construction no later than the time specified in the Development Schedule, subject to events of Force Majeure. Any deviation from the Plans and Specifications and Construction Contract (as hereinafter defined) must be approved in writing by HACLA. Primestor Development, Inc. (“Guarantor”) shall provide a Performance and Completion Guaranty meeting the same requirements set out in Section 4.18 of the Master Development Agreement.

6.2 **Construction Contract.** Primestor shall enter into a general construction contract (the “Construction Contract”) with a general contractor (the “Construction Contractor”) in connection with the Project. The Construction Contract shall set either a fixed price or guaranteed maximum price or another pricing mechanism acceptable to HACLA, contain a requirement that ten percent (10%) of the hard cost amount is retained by the Primestor until substantial completion of each building, and comply with state, local, and Federal requirements.
Primestor shall submit the Construction Contract to HACLA for review. HACLA must approve the Construction Contract prior to execution which approval, will not be unreasonably withheld or delayed. The Construction Contract shall provide for assignment to HACLA in the event of termination of the applicable HACLA Loan Document (subject to the rights of the senior lenders, if any) and shall incorporate the relevant terms of this Agreement. Primestor and HACLA agree that no Construction Contractor will be affiliated with Primestor unless (a) expressly agreed to in writing by HACLA and (b) Primestor agrees to be responsible for the costs of an identity of interest waiver to HUD, as applicable, provided an independent third party review supports such a waiver.

6.3 **Insurance, Bonds, and Warranties Required of the Construction Contractor.** The Construction Contract submitted to HACLA for approval shall require the Construction Contractor to provide, at a minimum: (a) insurance required for Third Party Contractors by this Agreement; (b) one hundred percent (100%) payment and performance bonds or letters of credit satisfactory to all lenders, including HACLA (and subject to HUD approval, if required); (c) a warranty of good title to materials, equipment and supplies incorporated in the Work; (d) a warranty that all material, equipment and supplies are new, of first quality and suitable for the purposes for which they are used; and (e) a warranty, consistent with State of California law regarding new construction, that the work performed under the Construction Contract conforms with the Plans and Specifications and is free of any defect in equipment, material or workmanship performed by the Construction Contractor or any subcontractor or supplier in any tier. The warranties shall continue for a period of not less than one (1) year from the date of final acceptance of the work. All rights under the Construction Contract shall be for the benefit of Primestor and its successors and assigns, including HACLA, as applicable. Once HACLA has approved the Construction Contract, it will not request or require additional changes unless required by HUD or another applicable governmental agency.

6.4 **Monitoring Performance of Construction Contractor.** Primestor shall require its Construction Contractor and its architects or other consultant(s) to monitor the performance of all persons and entities who are to provide materials, equipment or services to the Project and shall require the architect or such other consultant(s) to take such actions as are necessary to maintain adherence to applicable state laws quality standards, safety standards, production schedules, shipping dates, and job-site requirements contemplated herein and minimize the disturbance of residents in the immediate area (i.e., controlling dust, noise, etc.).

6.5 **Monitoring Project Scheduling.** Primestor shall make Best Efforts to ensure that the Project progresses in accordance with the deadlines established in the Critical Path Schedule, this Agreement and the Development Schedule and Plans and Specifications (subject to Force Majeure). During the course of construction, Primestor shall (a) identify potential variances between the actual and contractually-mandated completion dates; (b) identify work not started or incomplete and recommend adjustments in the Development Schedule to meet contractually-mandated completion dates; (c) provide HACLA with summary reports of its coordination and monitoring activities and document all changes in the Development Schedule (generally such reports shall be submitted to HACLA in conjunction with all monthly requisition materials on industry-standard forms such as AIA G-702); and (d) take appropriate action when the
requirements of any contract are not being satisfied.

6.6 **Monitoring Development Budget.** During the course of construction of the Project, Primestor shall monitor the approved Development Budget. Primestor shall notify HACLA in timely manner of any changes in the work required to be performed under the Construction Contract including any additions changes or deletions to the Plans and Specifications approved by HACLA. A written change order authorized by HACLA must be obtained before any of the following changes additions or deletions in the Work for the Community Center or Central Park may be performed: (1) any change in the Work the cost of which exceeds Fifty Thousand Dollars ($50,000.00); or (2) any set of changes in the Work the cost of which cumulatively exceeds Two Hundred Fifty Thousand Dollars ($250,000.00); or (3) any material change in building materials or equipment specifications or the structural or architectural design or appearance of the Project as provided for in the Plans and Specifications approved by HACLA. A written change order authorized by HACLA must be obtained before any of the following changes additions or deletions in the Work for the B-permit Improvements may be performed: (1) any change in the Work the cost of which exceeds Twenty-Five Thousand Dollars ($25,000); or (2) any set of changes in the Work the cost of which cumulatively exceeds Fifty Thousand Dollars ($50,000). The construction contingency included in the Development Budget shall only be used to fund approved alternates or change order or change directive work that has been approved by HACLA (if required by this Section), which approval will not be unreasonably withheld or delayed. Primestor shall revise and refine the Construction Budget during the course of construction, so long as HACLA is not required to provide more than that amount described as HACLA’s contribution in Section 6.6 herein.

6.7 **Materials, Storage of Purchased Items, and Security.** All equipment, material, and articles furnished shall be in accordance with the Construction Contract and Plans and Specifications, unless otherwise specified herein or specifically approved in writing by HACLA. Primestor shall require the Construction Contractor to inspect all equipment, materials, and articles obtained under the Construction Contract. Primestor shall require the Construction Contractor to monitor the delivery of, and, if necessary, arrange storage, protection and security for all materials, systems and equipment which are to be used in the construction of, or incorporated into, the various components of the Project. In the event of off-site storage, Primestor will provide proof of insurance and a bill of lading or a shipping ticket. Primestor shall require the Construction Contractor to provide adequate security for the sites, including, without limitation, prevention of vandalism, theft, trespassing and dumping, and providing the maintenance of secure fencing around the Redevelopment Site. Under no circumstances shall the loss of any materials or equipment or the consequences of any trespassing or dumping be an obligation of HACLA, unless the same is directly attributable to the negligence or misconduct of HACLA, its agent(s), contractor(s), or employee(s).

6.8 **Inspection by Primestor.** Primestor shall require the architect to guard against defects and deficiencies in design and construction. Based on the architect’s recommendations, Primestor shall order the Construction Contractor to stop work, or any portion thereof, and direct special inspection or testing of such work, which in Primestor’s best judgment, may not be in accordance with the provisions of the Plans and Specifications, whether or not such work is
fabricated, installed or completed. Primestor shall cause the architect to conduct monthly inspections of the work of the Construction Contractor and shall verify, using AIA G-702 or other form approved by HACLA, that the work is being performed in accordance with the Construction Contract. Primestor’s architect shall inspect all work on a periodic basis. In addition, any inspection by HACLA shall be for the benefit of HACLA. It shall not be deemed to be acceptance by HACLA of any material work deficiencies, issues regarding construction, or other concerns which it discovers in its inspections, but under no circumstances will HACLA have any liability to Primestor or any third party for the failure to do so.

6.9 **Construction Progress Reports.** Primestor shall record the progress of Project construction and submit in the Monthly Status Report required by Section 3.2.3 of the Master Development Agreement to HACLA, information on the status of the activities of the Construction Contractor, the percentage of work the Construction Contractor has completed, and the purpose and dollar value of all proposed and/or approved change orders and the status of each (generally such reports shall consist of supplying to HACLA all monthly requisition materials on industry-standard forms such as AIA G-702). In addition, Primestor shall consult with HACLA on a periodic basis, to be determined jointly as circumstances may warrant, to keep HACLA fully informed at all times of the status of construction. If Primestor becomes aware of any material fault or defect in any aspect of the Project or nonconformance with the Construction Contract or Plans and Specifications, then Primestor shall give prompt notice thereof to HACLA.

6.10 **Document Records.** Primestor shall retain a record of the Construction Contract and Plans and Specifications. Primestor shall also maintain, or shall cause the Construction Contractor to maintain, all construction records, including all plans, contracts, shop drawings, samples, purchase orders, applicable handbooks, technical standards and specifications and manuals related to the Project and all records/books showing the costs incurred for any work. Primestor or the Construction Contractor, as applicable, shall make all such materials available for inspection by HACLA upon reasonable notice.

6.11 **Right of Entry by HACLA.** HACLA reserves for itself and its authorized agent(s) or authorized contractor(s), official representative(s) from the City, and HUD and its authorized agent(s) the right to enter the Site during normal business hours to inspect the Site and any work in progress, with reasonable notice, for the purpose of protecting or furthering HACLA’s interests under this Agreement. The person conducting such inspection shall comply with reasonable safety precautions and shall not interfere with construction or development activities. HACLA shall not direct the work of the Construction Contractor or any subcontractor or other person performing work on the Site. HACLA shall have no obligation to make any such inspection of the Project. Such inspections are for HACLA’s information only and shall not relieve Primestor of its obligation to complete the Project in accordance with this Agreement as a result of such inspection. In no event shall HACLA’s inspection of the work be deemed acceptance of all or any of the work, equipment, or materials or to waive any right HACLA has under this Agreement and/or subsequent HACLA Loan Documents.

6.12 **Substantial Completion Inspection.** Upon substantial completion of the Project, Primestor and the architect shall inspect the work to determine and record the condition of the
units (i.e., develop a “punch list”), which shall be subject to HACLA’s review. Primestor shall notify HACLA of such inspection, and shall allow HACLA’s representatives to accompany it on any such inspection. Primestor shall require the Construction Contractor to replace or correct work that does not conform to the Construction Contract, Plans and Specifications or to applicable safety or code standards, statutes or regulations.

ARTICLE VII. TIME OF ESSENCE. Time is of the essence of this Agreement and the performance of all obligations hereunder.

ARTICLE VIII. PRIMESTOR DEFAULT.

8.1 Defaults. Primestor shall be deemed to be in default of this Agreement if:

8.1.1 Primestor becomes insolvent, is adjudged bankrupt, or makes a general assignment for the benefit of its creditors, or becomes a subject of any proceeding commenced under any statute or law for the relief of debtors, provided that Primestor, as the case may be, shall have ninety (90) days to effect the dismissal of any such involuntary proceeding; or

8.1.2 A receiver, trustee, or liquidator of any of the property or income of Primestor is appointed; or

8.1.3 Primestor unilaterally withdraws except in the event of a termination of this Agreement pursuant to Section 8.5 of the Master Development Agreement or as expressly allowed by the terms of this Agreement; or

8.1.4 Primestor fails to enforce any material terms, provisions, conditions, covenants or agreements in the Third-Party Contracts to be observed and/or performed on the part of the Third-Party Contractors, if such failure materially and adversely affects HACLA’s interest hereunder; or

8.1.5 Any action or omission by Primestor or its Third-Party Contractors that is the sole cause of or otherwise contributes to the revocation of a funding commitment from a third party funding source for which Primestor has failed to provide a replacement source of committed funds within ninety (90) days after receipt of written notice from HACLA; or

8.1.6 Primestor fails to make payment to a Third Party Contractor when due and funds designated for such payment have been received from HACLA or any other financing source; or

8.1.7 Primestor fails to obtain and maintain the insurance coverage required herein; or

8.1.8 Primestor fails to enforce the insurance obligations described hereunder on
Third-Party Contractors; or

8.1.9 Primestor fails to take appropriate efforts or use due diligence to ensure that Third-Party Contractors possess the requisite licenses and qualifications necessary for work contracted to them; or

8.1.10 Primestor materially breaches any representation, warranties, covenants, or certifications made in connection with this Agreement, including any conflict of interest provision or unauthorized payment or benefit from a HACLA employee or HACLA Board Member; or

8.1.11 There is an unapproved change in the control in the ownership of Primestor; or

8.1.12 Subject to the existence of a Force Majeure Event and Section 8.3 hereof, Primestor fails to adhere to the Critical Path Schedule or evidences that it is unwilling or incapable of meeting the Critical Path Schedule; or

8.1.13 Subject to the existence of a Force Majeure Event and Section 8.3 hereof, Primestor materially breaches any other obligation in this Agreement; or

8.1.14 Primestor or any owner, principal, or officer of Primestor is convicted of any criminal offense or violation of law.

8.2 Remedies. In addition to the default remedies set forth in 5370 Rider, in the event of any default by Primestor under this Agreement, HACLA shall have the right to (i) terminate this Agreement or Primestor’s right to proceed with the Work in accordance with this Agreement and assume any existing Third Party Contracts, (ii) exercise its rights and remedies under the HACLA Loan Documents, and/or (iii) exercise any and all other remedies at law or in equity that HACLA may have. Additionally, in the event of a default by Primestor hereunder, HACLA shall have the right to take such measures as it deems necessary to correct the default at Primestor’s sole cost and expense and to deduct all costs as HACLA may incur from amounts otherwise owing to Primestor hereunder or to otherwise be reimbursed by Primestor therefor.

8.3 Notice and Opportunity to Cure. Notwithstanding anything in this Agreement to the contrary, Primestor shall not be deemed to be in default under Sections 8.1.4, 8.1.12 or 8.1.13 if Primestor has cured such default within thirty (30) days after the date of written notice to Primestor, or such longer period not to exceed ninety (90) days necessary to cure such default if such default is not curable within said thirty-day period, provided that Primestor is diligently and continuously prosecuting such cure. Notwithstanding anything to the contrary set forth in this Agreement, once HACLA issues a written notice of default to Primestor hereunder, HACLA shall not be required to pay Primestor any sum due hereunder to Primestor that has a reasonable connection to the default which is the subject of the notice.

8.4 Indemnification by Primestor. Primestor shall indemnify, defend and hold
HACLA harmless from and against any and all Claims arising out of, attributable to or otherwise occasioned, in whole or in part, by a negligent or intentional act or omission of Primestor, its agent(s), contractor(s), servant(s), or employee(s) which constitutes a breach of Primestor’s obligations under this Agreement or which arises in any manner by reason of or incident to Primestor’s performance of this Agreement. If any party performing work for Primestor on the Project shall assert any claim against HACLA on account of any damage alleged to have been caused by reason of the negligent acts or intentional misconduct of Primestor, its agent(s), servant(s), employee(s) or contractor(s) (including, without limitation, its Construction Contractor), Primestor shall defend at its own expense any suit based upon such claim; and if any judgment or claim against HACLA shall be allowed, Primestor shall pay or satisfy such Claim. The obligations, indemnities, and liabilities of Primestor under this Section shall not extend to any liability caused by the negligence or misconduct of HACLA or its employee(s), contractor(s) or agent(s).

ARTICLE IX. DEFAULT BY HACLA.

9.1 Defaults. HACLA shall be in default under this Agreement if HACLA materially breaches any obligation herein and Primestor shall have provided written notice thereof to HACLA and HACLA shall have failed to cure such breach within thirty (30) days after the receipt of such notice of default, unless such default is not capable of being cured within such thirty (30) day period in which event such thirty (30) day period shall be extended for such additional time as is reasonably necessary to cure such default so long as HACLA is diligently pursuing such cure, provided that in no event shall any such cure period exceed one hundred twenty (120) days in the aggregate, provided that no such event shall constitute a default if such performance is excused or delayed due to the existence of a Force Majeure Event.

9.2 Remedies. In the event of any default by HACLA under this Agreement or a failure by HACLA to fund its obligations under this Agreement (except if such failure is due to a default by Primestor), Primestor shall have the right to (i) terminate this Agreement, in which event Primestor shall be paid through the date of such default by HACLA or failure by HACLA to fund its obligations under this Agreement, reimburse Primestor for actual, reasonable, and proper costs that had been reflected in budgets previously approved by HACLA, and/or (ii) exercise any and all other remedies at law or in equity that Primestor may have. In no event whatsoever shall Primestor be entitled to consequential damages, other special damages, or lost profits.

9.3 Notice and Opportunity to Cure. Notwithstanding anything in this Agreement to the contrary, HACLA shall not be deemed to be in default hereunder if HACLA has cured such default within thirty (30) days after the date of written notice by Primestor to HACLA, unless such default is not capable of being cured within such thirty (30) day period, in which event such thirty (30) day period shall be extended for such additional time as is reasonably necessary to cure such default so long as HACLA is diligently pursuing such cure, and provided that in no event shall any such cure period exceed one hundred twenty (120) days in the aggregate, and further provided that no such event of default shall constitute a default if such performance is excused or delayed due to the existence of a Force Majeure Event.
ARTICLE X. REPRESENTATIONS AND WARRANTIES.

10.1 HACLA.

10.1.1 **Organization and Powers of HACLA.** HACLA is a public body, corporate and politic, duly organized and existing under the State of California Health & Safety Code Section 34200 *et seq.*

10.1.2 **Authorization, Binding Agreement of HACLA.** The execution, delivery and performance by HACLA of this Agreement have been duly authorized by all requisite action.

10.1.3 **Litigation, Limited Denial of Participation, or Debarment.** There is no action, suit or proceeding pending or threatened before any court or government or administrative body or agency that may reasonably be expected to (i) result in a material adverse change in the activities, operations, assets or properties or in the condition, financial or otherwise, of HACLA, or (ii) impair the ability of HACLA or to perform its obligations under this Agreement. HACLA is not in default with respect to any judgment, writ, injunction, decree, rule or regulation of any court or any governmental or administrative body or agency, which would impair its ability to perform its obligations under this Agreement.

10.2 Primestor.

10.2.1 **Organization and Powers.** Primestor is a limited liability company organized, validly existing and in good standing under the laws of the State of Delaware and is duly authorized to do business and in good standing under the laws of the State of California. Primestor has the power and authority to own its assets and properties, to carry on its activities as now conducted by it, and to execute, deliver and perform this Agreement and all applicable development documents. Primestor shall provide a Certificate of Good Standing for Primestor and Guarantor issued by the California Secretary of State no more than thirty (30) days prior to the date of this Agreement.

10.2.2 **Authorization, Binding Agreement.** The execution, delivery and performance by Primestor of this Agreement and any related documents and actions have been duly authorized by all requisite action of Primestor and are the legally binding obligation of Primestor.

10.2.3 **Litigation, Limited Denial of Participation, or Debarment.** There is no action, suit or proceeding pending or threatened before any court or government or administrative body or agency which may reasonably be expected to (i) result in a material adverse change in the activities, operations, assets or properties or in the condition, financial or otherwise, of Primestor or (ii) impair the ability of Primestor to perform its obligations under this Agreement. Primestor is not in default with respect to any judgment, writ, injunction, decree, rule or regulation of any court or any governmental or administrative body or agency. Primestor, its members, and its affiliates, are not the subject of a limited denial of participation or debarment by HUD or any similar prohibition on conducting business with public agencies in the
State of California or other jurisdictions.

10.2.4 **Financial Condition.** Prior to execution of this Agreement, each of Primestor and Guarantor has submitted its fiscal year 2019 financial statements reviewed by a certified accountant. Primestor warrants that there has been no material adverse change in the financial condition of Primestor or its Guarantor since the issuance of the 2019 financial statements.

10.2.5 **Non-Discrimination.** Primestor shall comply fully with all federal, state and local non-discrimination laws, regulations and rules in regard to the employment of persons. Without limiting the generality of the foregoing, Primestor agrees that, in connection with the performance of work under this Agreement, it will not discriminate against applicants with respect to the following activities: (i) employment, promotion, demotion, transfer, recruitment, or recruitment advertising; (ii) lay-off or termination; (iii) rates of pay or other forms of compensation; and (iv) selection for training, including apprenticeship.

**ARTICLE XI. MISCELLANEOUS.**

11.1 **Notices.** All notices required or permitted to be given under the Agreement shall be in writing and shall be deemed given if (i) delivered personally or by courier, (ii) telecopied, (iii) sent by overnight express delivery, or (iv) mailed by registered or certified mail (return receipt requested), postage prepaid, to a Party at its respective address set forth below (or at such other address as shall be specified by the Party by like notice given to the other Party):

If to HACLA:
Housing Authority of the City of Los Angeles
2600 Wilshire Boulevard, 3rd Floor
Los Angeles, CA 90057
Attn: President/CEO

And to:
Reno & Cavanaugh, PLLC
455 Massachusetts Avenue, NW Suite 400
Washington, DC 20001
Attn: Megan Glasheen, Esq.

If to Primestor:
Primestor
10000 Washington Blvd, Suite 300
Culver City, CA 90232
Attn: Arturo Sneider

And to:
Law Offices of Robert P. Friedman
827 Moraga Drive
Bel Air, CA 90049
Attn: Robert P. Friedman, Esquire

11.2 **Nonwaiver.** Neither HACLA’s or Primestor’s review, approval, or acceptance of, nor payment for, the services required under this Agreement shall be construed as a waiver of
any rights under this Agreement or any cause of action arising out of the performance of this Agreement.

11.3 **Successors.** This Agreement shall be binding upon and shall inure to the benefit of HACLA and Primestor and their successors. Neither party shall be entitled to assign in whole or in part, directly or indirectly, this Agreement to any other person, without the prior written consent of the other party and HUD, which consents may be withheld in the other party’s and/or HUD’s sole discretion.

11.4 **Governing Law.** The laws of the State of California shall govern this Agreement.

11.5 **Counterparts.** This Agreement may be executed in counterparts.

11.6 **Partial Invalidity.** If any provision of the Agreement shall operate or would prospectively operate to invalidate this Agreement in whole or in part, then such provision only shall be deemed severed and of no effect, and the remainder of the Agreement shall remain operative and fully effective.

11.7 **Record Retention.**

11.7.1 Primestor’s books and records pertaining to its performance under this Agreement shall be kept in accordance with generally accepted accounting principles and as required by the applicable HUD requirements, and shall be retained for at least three (3) years after HACLA makes final payment to Primestor under this Agreement and all other pending matters are closed. Primestor agrees to grant a right of access to HACLA, HUD, any agency providing funds to HACLA, the Comptroller General of the United States, and any of their authorized representatives, with respect to any books, documents, contracts, agreements, papers, or other records pertinent to this Agreement in order to make audits, examinations, excerpts, and transcripts. Primestor agrees to ensure that the recordkeeping, access, audit, and reporting requirements set forth in this Section 11.7 are also made legally binding upon any contractor or subcontractor that receives funds derived from HACLA in connection with the Work.

11.7.2 Notwithstanding the foregoing, Primestor shall keep such full and detailed accounts as may be necessary for proper financial management under this Agreement, and Primestor’s accounting system shall be satisfactory to HACLA and shall be in compliance with the requirements necessary or appropriate to certify costs to HUD. Primestor’s accounting firm shall be subject to HACLA’s reasonable approval. In the event of the termination of this Agreement for any reason, or upon completion of the Work, Primestor shall furnish HACLA with true and correct legible copies or originals of all of the foregoing. All reimbursable expenses shall be subject to a cost certification upon completion of the activities and undertakings to which the same pertains.

11.8 **Applicable Laws; Specific Plan.**
11.8.1 Primestor shall perform all obligations under this Agreement, and shall cause all improvements to the Community Center and Central Park Sites to be designed and constructed, in compliance with the Specific Plan, all requirements set forth in this Agreement, all permits and approvals issued for the Community Center and Central Park, and all applicable Federal, state and local laws, codes, ordinances, rules and regulations, and directions of any fire marshal, health officer, building inspector, or other officer of every governmental agency now having or hereafter acquiring jurisdiction. Primestor shall ensure that all Third-Party Contractors possess the requisite licenses and qualifications and insurance necessary for work contracted to them and shall comply, and shall ensure the compliance of all Third-Party Contractors, with laws prohibiting discrimination on the basis of disability, including but not limited to: Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. § 794) and regulations issued pursuant thereto (24 C.F.R. Part 8); the Americans with Disabilities Act (42 U.S.C. § 12101 et seq. and its implementing regulation at 28 C.F.R. Part 36), the Architectural Barriers Act of 1968, as amended (42 U.S.C. § 4151) and regulations issued pursuant thereto (24 C.F.R. Part 40).

11.8.2 Without limiting the foregoing, Primestor shall comply with the following:

11.8.2.1 The Fair Housing Amendments Act (42 U.S.C. 3601-19), and regulations issued thereunder; 24 CFR Part 100; Executive Order 11063 (Equal opportunity Housing) and regulations issued thereunder; 24 CFR Part 107; the Fair Housing Poster Regulations; 24 CFR Part 110 and advertising guidelines, 24 CFR Part 109.


11.8.2.5 Executive Orders 11246, 11625, 12432 and 12138; 24 CFR part 86; the cost principles of the Office of Management and Budget - Circular - 87; Title VII of the Civil Rights Act of 1967 (42 USC 2000d et seq.); the Copeland “Anti-Kickback” Act (18 USC sec. 874 and 40 USC sec. 276); the Byrd “Anti-Lobbying” Amendment (31 USC sec. 1352); the Debarment And Suspension (Executive Order 12549 and 12689); the Architectural Barriers Act (24 CFR part 40); and any applicable HUD implementing guidance and instructions.

11.8.2.6 Section 3 of the Housing and Urban Development Act of 1968, together with other Local Hiring Requirements and other requirements in Sections 1.2.7.2, 3.2.11 and 4.10 of the Master Development Agreement.
11.8.2.7 For all on-site construction activities and all of Primestor’s adjacent construction activities, Primestor shall pay and assure that all contractors and subcontractors pay state prevailing wages as required by California Labor Code Section 1770 et seq., as amended, and shall comply with all applicable reporting and recordkeeping requirements.

11.8.2.8 To the extent applicable depending on sources of funds incorporated into the Development Budget, labor standards applicable to the development of public housing (the most stringent of which currently is the Davis-Bacon Act, 40 U.S.C. § 276a et seq.), together with Section 4.22.8 of the Master Development Agreement and any reporting requirements imposed by HACLA to confirm compliance with this Section.

11.9 **No Assignment of Funds.** HACLA and Primestor acknowledge that a transfer by HACLA to Primestor of any funds received by HACLA from HUD shall not be deemed to be an assignment of said funds, and neither Primestor nor any other person will succeed to any rights or benefits of HACLA. Primestor shall ensure this language is inserted into any contract or subcontract involving the use of HUD funds in connection with the Work.

**ARTICLE XII. HUD CUSTOMARY RIGHTS.**

12.1 **Suspension of Work.** HACLA may order Primestor in writing to suspend, delay, or interrupt work to be performed under this Agreement for the period of time that HACLA determines appropriate or is so required by HUD, and Primestor shall provide for such suspension of work by HACLA in its contracts with subcontractors.

12.2 **Termination for Convenience.** Section 8.5 of the Master Development Agreement is incorporated into this Agreement. However, “fair compensation” for this Agreement shall refer only to the Developer Fee due for implementation of the Work up to the date of termination for convenience.

**ARTICLE XIII. REPRESENTATIVES.** To facilitate communication, the Parties to this Agreement shall designate a representative with responsibility for the routine administration of each Party’s obligations under this Agreement. The Parties initially appoint the following as representatives:

| The Authority: | Jenny Scanlin |
| Developer: | Arturo Sneider |

**ARTICLE XIV. ENTIRE AGREEMENT.** This Agreement, inclusive of all incorporated references and all Exhibits referenced herein are hereby incorporated herein, constitute the final understanding and agreement between the parties with respect to the subject matter hereof and supersedes all written and oral negotiations, understandings, and agreements between the parties in regard to the subject matters addressed herein. This Agreement may be amended, supplemented, or changed only by writing signed by each party hereto.
ARTICLE XV. TERM OF AGREEMENT. Notwithstanding anything to the contrary contained herein, this Agreement shall commence as of the Effective Date and shall terminate upon the earlier to occur of: (a) termination as provided for by the terms of this Agreement; or (b) completion and payment for all the Work provided for herein with respect to a given Phase has occurred, and the Parties have failed to execute an Amendment to this Agreement authorizing commencement of the following Phase within one hundred twenty (120) days after completion of the completed Phase; or (c) completion and payment for all the Work provided for under the Development Scope of Work, if any, has occurred. The parties may at their sole discretion agree to extend the term of this Agreement by executing a written amendment hereto.

ARTICLE XVI. NO LIENS. Primestor shall keep the Site free of mechanics’, materialmen’s and other involuntary liens, stop notices and encumbrances and shall not place a lien or other encumbrance on the Site, nor pledge the Site as collateral for any debts or financing. In the event Primestor or a Third Party Contractor permits or secures a lien or other encumbrance on the Site, Primestor shall ensure that such lien or encumbrance be removed via securing a bond as soon as possible. Primestor shall ensure that each Third Party Contract contains a bonding requirement consistent with this Article.

ARTICLE XVII. CONFLICT OF INTEREST. The parties acknowledge and agree that this Agreement does not violate the conflict of interest provisions set forth in 24 CFR Part 85, 24 CFR Part 905 and the Consolidated Annual Contributions Contract between HUD and HACLA, as amended and in effect as of the date hereof (the “ACC”), and the parties hereto agree to comply with such provisions. Each of the parties agrees to include in all contracts with any party involving the use of public housing funds, a conflict of interest provision consistent with 24 CFR Part 85, 24 CFR Part 905 and the ACC. Primestor agrees to execute a Certification Regarding Lobbying, as required by Article 25(m), and all other certifications required to be executed in connection with receipt of the public housing funds.

[Signatures appear on following pages]
IN WITNESS WHEREOF, the parties hereto have executed this Agreement the date and year first above written.

HACLA:

HOUSING AUTHORITY OF THE CITY OF LOS ANGELES

By: ___________________________________

Douglas Guthrie
President and Chief Executive Officer

PRIMESTOR:

OMNIA 2020, LLC

By: ___________________________________

Arturo Sneider
Manager
EXHIBIT A

SCOPE OF WORK

PRE-DEVELOPMENT SCOPE OF WORK

**Site Plan.** In consultation with HACLA and the Recreation and Park Department of the City of Los Angeles (“Recreation and Parks Department”), develop a site plan (“Site Plan”) that conceptually describes each building, building size, type, intended use, traffic patterns, and similar issues.

**Services Plan.** In consultation with HACLA and Recreation and Parks Department, develop a services plan (“Services Plan”) that conceptually describes services and programs to be implemented and offered to residents on the Community Center Site and Central Park Site.

**Space Plan.** In consultation with HACLA and Recreation and Parks Department, develop a space plan (“Space Plan”) that conceptually describes how much space is needed, and how the space within the Community Center will be laid out, to facilitate anticipated programming by Recreation and Parks Department and other anticipated operators.

**Operating Budget.** In consultation with HACLA and Recreation and Parks Department, develop a proforma budget for the operational phase of the Project (the “Operating Budget”).

**Financing Plan.** Develop a financing plan (“Financing Plan”) for the overall development of the Site and Community B-Permit Improvement areas that projects the sources and uses of funds for all phases and components of development, including a Development Budget. The Financing Plan must include projected near-term repayment of the HACLA Pre-Development Financing through implementation of the Fundraising Plan, closing of any third party financing, anticipated operational proceeds, and/or other anticipated sources. The Financing Plan must also identify the level of fundraising needed to support development of the Site and the size of endowment needed to supplement the projected cost of Community Center and Central Park maintenance and services. The Financing Plan shall include costs for the Community B-Permit Improvements allocated to the Project.

**Fundraising Plan.** In consultation with the Community Center Nonprofit, develop a fundraising plan (the “Fundraising Plan”) that includes steps to be completed by HACLA, Primestor, and the Community Center Nonprofit in order to raise funds for construction, development and long term funding of the Community Center and Central Park. The Fundraising Plan will be informed by the Development Budget and the Operating Budget included in the Financing Plan.

**Detailed Schedule and Critical Path Schedule.** Develop and maintain a detailed schedule of events, predicated on the Financing Plan and anticipated development and construction in accordance with the Site Plan and the Space Plan, that includes financing, infrastructure
development and coordination of same with Master Developer’s Infrastructure Work under Section 4.5 of the MDA, construction start, substantial completion, permanent loan closing, and commencement of Rec and Park Occupancy Agreement ("Detailed Schedule"), as well as a critical path schedule (“Critical Path Schedule”), for development of the Site.

**Plan for Local Hiring and Section 3 Contracting.** Create a Plan for Local Hiring and Section 3 Contracting as required by Section 3.2.11 of the MDA. In anticipation of the Development Phase, prepare a Construction Local Hiring and Section 3 Contracting Plan as required by Section 3.2.11 of the MDA.

**Insurance.** Provide HACLA with evidence satisfactory to HACLA of insurance coverages required by Section 4.21 of the MDA.

**Site Investigation.** Commission and, upon receipt, promptly review preliminary title reports and obtain a title commitment with respect to the Site to identify any encumbrances and any perceived redevelopment constraints on the Community Center Site and the Central Park Site. In addition, Primestor shall conduct a visual inspection of the Community Center and Central Park Sites and B-Permit Improvement areas to ascertain development constraints that may not be a matter of public record, but would be detectable through a visual inspection. In addition, Primestor shall also conduct geotechnical, civil engineering, utility coordination, and such other investigations of the Site as may be necessary or prudent to inform development of the Site. Finally, Primestor shall obtain an ALTA survey of the Site.

**Preparation of Architectural Drawings, Plans and Specifications.** Through the engagement of licensed professionals, and in consultation with HACLA, Recreation and Parks Department, and the Community Center Nonprofit, prepare design documents, building plans and specifications for development of the Site consistent with the Site Plan and the Space Plan. The design documents must be submitted for HACLA review and comment at the concept stage and design development thirty percent (30%) stages.

**CONSTRUCTION DOCUMENTATION SCOPE OF WORK**

**Preparation of Architectural Drawings, Plans and Specifications.** Through the engagement of licensed professionals, and in consultation with HACLA, Recreation and Parks Department, and the Community Center Nonprofit, prepare design documents, building plans and specifications (“Plans and Specifications”) for development of the Site consistent with the Site Plan and the Space Plan. The design documents must be submitted for HACLA review and comment at the sixty percent (60%) and ninety percent (90%) construction document stages. Primestor shall furnish to HACLA two (2) reproductions of final drawings of record and data sheets; results of civil, structural, mechanical and hydraulic design calculations; loading diagrams, equipment manufacturers’ drawings and data, including construction data and parts lists; and final specifications. Primestor shall also furnish to HACLA: two (2) reproductions of the as-built drawings of such Phase and other drawings as requested by HACLA.
Plans for Local Hiring and Section 3 Contracting. Create a Plan for Local Hiring and Section 3 Contracting as required by Section 3.2.11 of the MDA. In anticipation of the Development Phase, prepare a Construction Local Hiring and Section 3 Contracting Plan as required by Section 3.2.11 of the MDA.

City and Other Governmental Authority Permits. Primestor shall secure or cause to be secured any and all licenses, permits or other authorizations, which may be required by the City or any other governmental agency regulating such construction, development or work as has been approved by HACLA for inclusion in the Development Scope of Work (collectively, “Licenses and Permits”). HACLA shall provide all assistance deemed appropriate by HACLA to Primestor in securing Licenses and Permits. Primestor shall include the costs and fees associated with Licenses and Permits in the Development Budget.

Planning/Zoning Approvals. Primestor shall ensure that the Site Plan and the Plans and Specifications comply with the Specific Plan, and further that the zoning of the Site shall be such as to permit the development and use of the Site in accordance with Site Plan and the Plans and Specifications. HACLA shall cooperate with Primestor in seeking any variances, conditional use permits, parcel maps or other discretionary approvals, excluding demolition permits which shall be the responsibility of HACLA, needed to implement this element of the Pre-Development Scope of Work. Primestor shall include the costs and fees associated with zoning compliance in the Development Budget.

Construction Contract. In accordance with all requirements in the Agreement relating to Third Party Contractors and Third Party Contracts, submit to HACLA for its approval the proposed Construction Contract and other construction documents for development of the Site. The Construction Contract shall set either a fixed price or guaranteed maximum price or another pricing mechanism acceptable to HACLA, contain a requirement that ten percent (10%) of the hard cost amount is to be retained until substantial completion of the improvements, and comply with state, local, and Federal requirements. The Construction Contract shall provide for assignment to HACLA in the event of termination of this Agreement (subject to the rights of senior lenders, if any) and shall incorporate the relevant terms of this Agreement. No Construction Contractor will be affiliated with Primestor unless (a) expressly agreed to in writing by HACLA and (b) Primestor agrees to be responsible for the costs of an identity of interest waiver to HUD, provided an independent third party review supports such a waiver.

Other. The Parties shall refine the above Construction Documentation Scope of Work and replace the above with the final version pursuant to any Construction Documentation Amendment executed by the Parties.

DEVELOPMENT SCOPE OF WORK

Construction of Improvements. Through the engagement of licensed contractors, Primestor shall construct improvements on the Community Center and Central Park Sites in accordance with the Plans and Specifications. Primestor further agrees to use commercially reasonable
efforts to control the cost of construction in accordance with the Financing Plan. During the Regular Meetings, Primestor will discuss and distribute for review any changes to the Financing Plan and/or Critical Path Schedule, as well as identify financing obstacles and constraints, along with strategies to overcome such constraints or obstacles. Every six months, beginning from the date of commencement of the Development Scope of Work, Primestor shall provide HACLA with an updated Financing Plan and Critical Path Schedule for its review and approval. Any HACLA-approved changes to the Financing Plan and/or Critical Path Schedule shall be incorporated into this Agreement as if set forth herein. HACLA shall act promptly in reviewing the updated Financing Plan and/or Critical Path Schedule, but in any event within fifteen (15) business days from the receipt thereof it shall provide any comments to Primestor. The parties recognize that some revisions to the Financing Plan and/or Critical Path Schedule may be significant enough as to require approval by HACLA’s Board of Commissioners. If the change does require Board of Commissioner approval, the parties shall extend the time accordingly to meet normal deadlines for submission of action items to the Board of Commissioners.

Other. The Parties shall refine the above Development Scope of Work and replace the above with the final version pursuant to any Development Amendment executed by the Parties.
EXHIBIT B

PRE-DEVELOPMENT BUDGET
EXHIBIT C

PRE-DEVELOPMENT SCHEDULE
EXHIBIT D

GOVERNMENTAL REQUIREMENTS RIDER

The Work to be performed by Primestor and Third Party Contractors under this Agreement is for a project in which financial assistance is being provided, in part, by one or more governmental agencies, programs or authorities. Primestor therefore agrees, and shall cause each and every Third Party Contractor to agree, to comply with all applicable Federal, state or municipal requirements including, without limitation, those concerning equal employment opportunities, minority and women’s business utilization, small and disadvantaged business utilization, and local jobs preferences, in accordance with applicable law. Primestor (as defined below) shall provide each Third Party Contractor with a copy of (or relevant information relating to) any Federal, state or municipal requirements and may require each Third Party Contractor to participate in meetings with or required by public authorities and to document, to the satisfaction of such authorities, Third Party Contractor’s efforts to comply with any such requirements. Each Third Party Contractor shall incorporate into all subcontracts any specific requirements of which such Third Party Contractor has been made aware by Primestor. Without limiting the foregoing, set forth below are certain specific requirements or limitations applicable to the Work and the Project.

The terms of this Exhibit, together with its attachments (the HUD Rider), shall govern and control in the event of conflict or ambiguity with any other term, covenant or provision of the contract to which this Exhibit is attached or, if applicable, any of the “Contract Documents” referenced in such contract.

1. The Third Party Contract shall be amended by the incorporation of HUD Form 5370 and HUD Form 5370-C Part I, attached to this Exhibit as Attachment 1. The terms of the HUD Rider shall govern and control in the event of any conflict or ambiguity with any other term, covenant or provision of this Exhibit, except as follows:

1.1. In the Attachment 1, the terms “Authority”, “Housing Authority” and “HA” shall refer either or both to the Public Housing Authority who is providing assistance to the Project and to the counterparty to Primestor under the Contract (referred to herein as “Developer”), as their interests may appear.

1.2. Sections 2, 3, 14, 15, 21, 22, 23, 25, 27, 28, 29, 31, 32, 33, 36, and 48 of the Form 5370 and Section 2, 6, 7, 9, and 12 of the Form 5370 – C Part I are hereby deleted as inapplicable to the relationship between the Developer and Third Party Contractor. Each Third Party Contractor acknowledges, however, that should the Housing Authority invoke any like provision in the Housing Authority’s agreement with the Developer, or through any applicable law or regulation, such Third Party Contractor shall be bound by the deleted provisions to the extent required to accommodate the rights of the Housing Authority.
2. **Drug-Free Workplace Requirements.** Developer and Third Party Contractor will comply with drug-free workplace requirements in accordance with the Drug-Free Workplace Act of 1988 (42 U.S.C. § 701) and with HUD’s rules at 24 CFR part 24, subpart F.

3. **Byrd Anti-Lobbying Amendment (31 U.S.C. § 1352).** Third Party Contractor shall deliver to the Developer a fully executed copy of the certificate required by the Byrd Anti-Lobbying Amendment (31 U.S.C. § 1352), in the form attached to this Exhibit as Attachment 2, shall require each subcontractor to deliver a fully executed copy of such certificate in connection with the execution of any contract or subcontract and shall deliver such certificates to the Developer, and shall include, or cause to be included, this provision in all subcontracts having a value of $100,000 or more.

4. **No Excluded Party Participation.** Each Third Party Contractor hereby certifies that neither it nor any of its principal employees are listed on the General Services Administration’s List of Parties Excluded from Federal Procurement or Nonprocurement Programs in accordance with Executive Orders 12549 and 12689, “Debarment and Suspension.” This list contains the names of parties debarred, suspended, or otherwise excluded by agencies, and contractors declared ineligible under statutory or regulatory authority other than Executive Order 12549. Any party so listed is referred to herein as an “Excluded Party”. Primestor shall not make any contract with an Excluded Party and shall otherwise comply with subpart C of 2 CFR part 180, as supplemented by subpart C of 2 CFR part 2424 (implementing Executive Orders 12549 and 12689). Primestor shall include this provision in all subcontracts that exceed $25,000 in value and shall require all subcontractors with contracts that exceed $25,000 in value to provide the required certification regarding its exclusion status and that of its principal employees.

5. **Conflict of Interest.** No officer or employee of the Housing Authority or its affiliates who exercises any functions or responsibilities with respect to the Project or the Work during his or her tenure for one year thereafter, shall have any interest, direct or indirect, in this Agreement or in any subcontract.

6. **HUD and Housing Authority Requirements.**

   6.1. The performance of the Work shall comply with all applicable State and local laws, codes, ordinances and regulations.

   6.2. Third Party Contractor acknowledges that a transfer to Third Party Contractor of funds received by HACLA from HUD shall not be deemed to be an assignment of said funds, and neither Third Party Contractor nor any other party shall succeed to any rights or benefits of HACLA under any grant agreement with respect to such funds, or obtain any privileges, authorities, interests or rights in or under such agreement. Third Party Contractor acknowledges that nothing contained in any agreement or contract between HACLA, the Developer and/or Third Party Contractor, or any of them, nor any act of HUD, HACLA, or the Developer shall be deemed or construed to create any relationship
of third party beneficiary, principal and agent, limited or general partnership, general venture, or any association or relationship involving HUD.

6.3. HACLA will be listed as an additional insured under Third Party Contracts.

6.4. Third Party Contractor shall comply with all other applicable requirements of HUD with respect to project funding sources, including without limitation any requirements applicable to public housing Capital Funds or program income. The Agreement may be suspended or terminated if Primestor materially fails to comply with any term in HUD regulations or HUD funding agreements or the award of HUD funds to the Housing Authority.
ATTACHMENT 1 TO GOVERNMENTAL REQUIREMENTS RIDER

HUD FORM 5370-C: GENERAL CONDITIONS FOR NON-CONSTRUCTION PROJECTS – PUBLIC HOUSING PROGRAMS

[Attached]
ATTACHMENT 2 TO GOVERNMENTAL REQUIREMENTS RIDER

BYRD ANTI-LOBBYING CERTIFICATION

The undersigned certifies, to the best of his or her knowledge and belief, that:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned will complete and submit Standard Form-LLL, “Disclosure Form to Report Lobbying,” in accordance with its instructions.

(3) The undersigned will require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients will certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into.

Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, Title 31, U.S. Code. Any person who fails to file the required certification will be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

CONTRACTOR:

____________________________________

By: _____________________________

Name: _____________________________

Title: _____________________________
EXHIBIT E-1

APPROVED THIRD PARTY CONTRACTORS
EXHIBIT E-2

PROCUREMENT PLAN FOR JORDAN DOWNS REDEVELOPMENT

[insert from MDA]
EXHIBIT E-3

THIRD PARTY CONTRACTOR INSURANCE REQUIREMENTS

[insert from MDA]
EXHIBIT F-1

LOCAL HIRE AND SECTION 3 RIDER

1. Local Hire and Section 3 Requirements. With respect to hiring for construction and post-construction job opportunities, Primestor shall fulfill the local hiring commitments made during the selection on Master Developer, as amended, which includes: (a) pursuant to Section 3 of the Housing and Urban Development Act of 1968, as amended by Section 915 of the Housing and Community Development Act of 1992 (“Section 3”), hiring Section 3-qualified residents, as more particularly described at 1.a below, and (b) hiring Disadvantaged Workers, as more particularly described at 1.b below. Primestor agrees that thirty percent (30%) of the new pre-development, construction and post-construction job opportunities generated by the Project shall be set aside, to the maximum extent feasible, to meet the Section 3 Hiring Requirements (“Section 3 Hiring Requirements”). In addition, Primestor shall strive and use Good Faith Efforts (as defined in Article III.C of the Section 3 Guide and Compliance Plan) to set aside at least ten percent (10%) of the thirty percent (30%) Section 3 Hiring Requirements for Disadvantaged Workers, as defined below (“Disadvantaged Worker Hiring Requirements”). The Parties acknowledge that some hires may meet the requirements of both the Section 3 Hiring Requirements and the Disadvantaged Worker Hiring Requirements, and may therefore count Disadvantaged Worker hours towards the thirty percent Section 3 Hiring Requirements.

For purposes of this Rider, the term “Local Hiring Requirements” shall mean the Section 3 Hiring Requirements and the Disadvantaged Worker Requirements. Pre-development, construction and post-construction job opportunities created as a result of the Project shall be interpreted consistent with the HUD Section 3 definitions of “Employment opportunities generated by Section 3 covered assistance” and “New Hire,” as set forth at 24 CFR 135.5, and may include, without limitation, employment opportunities, whether part-time or full-time, and/or training or apprenticeship opportunities, and are expected to be available in a range of fields from administration to construction. Primestor shall develop a plan for Local Hiring and Section 3 Contracting in accordance with Section 3.2.11 of the Master Development Agreement. The parties acknowledge that some hires may meet the requirements of both the Section 3 Hiring Requirements and the Disadvantaged Worker Hiring Requirements.

a. Section 3 Hiring Requirements. The purpose of Section 3 is to “ensure that employment and other economic opportunities generated by certain HUD financial assistance shall, to the greatest extent feasible, and consistent with existing Federal, State, and local laws and regulations, be directed toward low- and very low-income persons, particularly those who are recipients of government assistance for housing, and to business concerns which provide economic opportunities to low- and very low-income persons,” as further described in HUD’s Section 3 implementing regulations at 24 CFR Part 135 (“Section 3 Regulations”). Pursuant to the Section 3 Regulations, specifically 24 CFR 135.34(a)(2), and notwithstanding the priorities set forth in Section III.D of HACLA’s Section 3 Guide and Compliance Plan attached hereto as
Attachment 1 (the “Section 3 Guide”), Primestor shall meet the Section 3 Hiring Requirements with the following priorities among eligible applicants: (1) residents of Jordan Downs, (2) qualified Section 3 residents of the Watts neighborhood, (3) participants in HUD’s Youthbuild programs in the City of Los Angeles; and (4) residents of the City of Los Angeles (the “City”) who meet Section 3 eligibility requirements, all to the maximum extent feasible.

b. Disadvantaged Worker Hiring Requirements. For purposes of this Rider, “Disadvantaged Worker” means an individual whose primary place of residence is in the City, and who, prior to commencing work on the Project, either (a) has a household income of less than fifty percent (50%) of Area Median Income or (b) faces at least one of the following barriers to employment: (i) is homeless, (ii) is a custodial single parent, (iii) is receiving public assistance, (iv) lacks a GED or a high school diploma, (v) has a criminal record or other involvement with the criminal justice system, or (vi) suffers from chronic unemployment.

c. Section 3 Contracting Requirements. To meet Section 3 Business Concern Contracting Requirements, the Partnership shall to the “greatest extent feasible” award at least (i) ten percent (10%) of the total dollar amount of building trades work for all construction contracts and (ii) three percent (3%) of the total dollar amount of all non-construction contracts to Section 3 Business Concerns, as such term is defined in the Section 3 Regulations. Furthermore, the Partnership shall include the Section 3 Clause set forth in 24 CFR Part 135.38 and attached hereto as Attachment 2 in all subcontracts and ensure compliance by its contractors, subcontractors and all parties under its authority performing work related to the Project. In addition, Primestor shall comply with the Procurement Plan for Jordan Downs Redevelopment attached to the MDA as Exhibit 1 and the Assistance to Small, Minority, Women’s, Labor Surplus Area, Section 3, and Resident Business Enterprises required efforts attached here to as Attachment 3. Collectively the requirements of this Section 1.c are referred to herein as the “Section 3 Contracting Requirements.”

2. Pre-Development Local Hiring and Section 3 Plan. Primestor shall prepare a plan for meeting the Section 3 Hiring Requirements, the Disadvantaged Worker Hiring Requirements and the Section 3 Business Concern Contracting Requirements described herein during the pre-development phase of the Project ("Pre-Development Local Hiring and Section 3 Contracting Plan") which will include a Compliance Schedule for meeting its employment requirements set forth in the MDA, as amended, including outreach, hiring and training, as well as Section 3 Business outreach and subcontracting.

a. Compliance. Compliance. In order to provide a reasonable opportunity to cure any perceived or actual failures to meet its hiring and subcontracting commitments, Primestor shall submit to HACLA’s Section 3 Compliance Administrator (the “Compliance Administrator”) the Section 3 reporting forms required under the Section 3 Guide, as may be amended from time to time, in accordance with the submission schedules set forth in Attachment 4 attached hereto, unless mutually agreed to otherwise by the parties (the “Pre-Development..."
Section 3 Reports”). Within thirty (30) business days of receipt of complete and accurate Pre-Development Section 3 Reports, the Compliance Administrator shall notify Primestor of any perceived or actual deficiencies that could lead to a declaration of default to afford Primestor a reasonable opportunity to cure. In the event Primestor fails to cure following a reasonable opportunity to cure, which in no event shall exceed thirty (30) business days, HACLA will pursue remedies available to it pursuant to this Agreement or other agreements between HACLA and Primestor; provided, however, that Primestor shall be afforded first the opportunity to appeal a declaration of default to the chief executive officer of HACLA.

3. Construction Local Hiring and Section 3 Contracting Plan. Primestor shall prepare a plan for meeting the Section 3 Hiring Requirements, the Disadvantaged Worker Hiring Requirements and the Section 3 Business Concern Contracting Requirements described herein during the construction phase of the Project (“Construction Local Hiring and Section 3 Contracting Plan”) which will include a Compliance Schedule for meeting its employment requirements set forth in the MDA, as amended, including outreach, hiring and training, as well as Section 3 Business outreach and subcontracting.

   a. Compliance. In order to provide a reasonable opportunity to cure any perceived or actual failures to meet its hiring and subcontracting commitments, Primestor shall submit to the Compliance Administrator the Section 3 reporting forms required under the Section 3 Guide, as may be amended from time to time, in accordance with the submission schedules set forth in Attachment 5 attached hereto, unless mutually agreed to otherwise by the parties (the “Section 3 Reports”). Within thirty (30) business days of receipt of complete and accurate Section 3 Reports, the Compliance Administrator shall notify Primestor of any perceived or actual deficiencies that could lead to a declaration of default to afford Primestor a reasonable opportunity to cure. In the event Primestor fails to cure following a reasonable opportunity to cure, which in no event shall exceed thirty (30) business days, in lieu of the penalties for noncompliance set forth in Article VIII.B of the Section 3 Guide, Primestor shall be subject to default penalties calculated as follows:

   i. Penalties in the amount of Forty-Five Dollars ($45.00) per person hour of the shortfall in Section 3 hiring (for example, if 3,000 person hours were expended on newly hired workers during the course of a given week for the project, then of those 3,000 hours, 900 must be worked by Section 3 residents; if Section 3 residents worked only 600 hours, and the contractor showed no good faith efforts, then penalties would be due in the amount of $45.00 multiplied by the 300-person-hour shortfall, or $13,500), assessed upon completion of the Project and payable to the HACLA upon demand, or offset from amounts owed for work on the Project;

   ii. In addition, penalties will be regarded by the HACLA as poor past-performance and may be grounds for determining that a contractor is non-responsible and ineligible for award of future contracts.
HACLA SECTION 3 GUIDE AND COMPLIANCE PLAN

[attached]
ATTACHMENT 2 TO LOCAL HIRE AND SECTION 3 REQUIREMENTS RIDER

SECTION 3 CLAUSE

All section 3 covered contracts shall include the following clause (referred to as the section 3 clause) or a successor clause contained in any revisions to Section 3 or the Section 3 Regulations:

A. The work to be performed under this contract is subject to the requirements of section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (section 3). The purpose of section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by section 3, shall, to the greatest extent feasible, be directed to low and very low-income persons, particularly persons who are recipients of HUD assistance for housing.

B. The parties to this contract agree to comply with HUD's regulations in 24 CFR part 135, which implement section 3. As evidenced by their execution of this contract, the parties to this contract certify that they are under no contractual or other impediment that would prevent them from complying with the part 135 regulations.

C. The contractor agrees to send to each labor organization or representative of workers with which the contractor has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the contractor's commitments under this section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.

D. The contractor agrees to include this section 3 clause in every subcontract subject to compliance with regulations in 24 CFR part 135, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR part 135. The contractor will not subcontract with any subcontractor where the contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR part 135.

E. The contractor will certify that any vacant employment positions, including training positions, that are filled (1) after the contractor is selected but before the contract is executed, and (2) with persons other than those to whom the regulations of 24 CFR part 135 require employment opportunities to be directed, were not filled to circumvent the contractor's obligations under 24 CFR part 135.

F. Noncompliance with HUD's regulations in 24 CFR part 135 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted contracts.
ATTACHMENT 3 TO LOCAL HIRE AND SECTION 3 REQUIREMENTS RIDER

ASSISTANCE TO SMALL, MINORITY, WOMEN'S, LABOR SURPLUS AREA, SECTION 3, AND RESIDENT BUSINESS ENTERPRISES

REQUIRED EFFORTS

Consistent with Presidential Executive Orders 11625, 12138 and 12432, Title VI of the Civil Rights Act of 1968, and Section 3 of the Housing and Urban Development Act of 1968, as amended, Master Developer shall make efforts to ensure that small, minority-owned and woman-owned business enterprises, labor surplus area businesses, and individuals or firms located in, or owned in substantial part by persons residing in, the area of a HACLA public housing development are used when possible. Such efforts shall include, but shall not be limited to:

1. Including such firms, when qualified, on solicitation mailing lists;

2. Encouraging the participation of such firms through direct solicitation of bids or proposals whenever they are potential sources;

3. Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by such firms;

4. Establishing delivery schedules, where the requirement permits, which encourage participation by such firms;

5. Using the services and assistance of the Small Business Administration, the Minority Business Development Agency of the Department of Commerce, and the City of Los Angeles Mayor's Office of Economic Development;

6. Including in all contracts funded from sources covered by Section 3, the Section 3 clause prescribed at 24 CFR 135.38, which clause sets forth Section 3 preference requirements and compliance goals for employment and training of public housing residents and for contracting and subcontracting with businesses owned by public housing residents or which otherwise meet the criteria of a Section 3 business concern. Pursuant to 24 CFR 135.36, efforts shall be directed to award Section 3 covered contracts, to the greatest extent feasible to Section 3 business concerns.

7. Requiring prime contractors, when subcontracting is anticipated, to take the positive steps listed in 1 through 6 above. Anticipated levels of participation may periodically be established by HACLA for small, minority-owned and woman-owned business enterprises, labor surplus area businesses, and business concerns which are located in, or owned in substantial part by persons residing in, the area of the project, in HACLA’s prime contracts and subcontracting opportunities.
ATTACHMENT 4 TO LOCAL HIRE AND SECTION 3 REQUIREMENTS RIDER

SECTION 3 COMPLIANCE REPORTS SUBMISSION SCHEDULE

To be reported at contract execution:

a. Form 1: Declaration of Understanding and Intent to Comply

b. Form 2: Section 3 Business Concern Certification

c. Form 4: Economic Opportunity Plan (EOP) - for all subcontractors to identify hiring, subcontracting and other commitments

To be reported monthly:

a. Form 3: Section 3 Resident Certifications – to understand how many Section 3 Residents were hired, if the subcontractors are meeting their minimum numerical targets, if the order of hiring priority is being observed (may be required to attach documentation of efforts).

To be reported quarterly:

Compliance Summary Report, including, but not limited to, the following information:

a. Dollar amount of contracts awarded to Section 3 and non-Section 3 Businesses

b. List of subcontractors, their start dates, amounts of subcontract, and similar data.

c. Detailed hiring information to determine if Section 3 Hiring and Work Hour goal is being met; if the order of hiring priority is being observed.

d. Support documentation to demonstrate efforts made to fulfill Section 3 goals and commitments.

e. Information on the workforce at the Development site and how many are Section 3 residents, new hires.

f. A Best Practices Guide or Development End Report which outlines good faith efforts, achievements and obstacles, to be submitted at closeout of each phase.
EXHIBIT F-2

PRE-DEVELOPMENT SECTION 3 PLAN
EXHIBIT F-3

CONSTRUCTION SECTION 3 PLAN

[to be annexed with Construction Documentation Amendment]
EXHIBIT G

CONTRACTS FOR GENERAL CONTRACTOR AND MONITOR

[to be annexed with Construction Documentation Amendment]
EXHIBIT H

HACLA PAYMENT PROCEDURES
EXHIBIT I-1

MITIGATION MEASURES

[attached]
EXHIBIT I-2

WASTE SOIL MANAGEMENT PLAN

[attached]
PREDEVELOPMENT LOAN & NOTE
PREDEVELOPMENT LOAN AGREEMENT FOR THE JORDAN
DOWNS PUBLIC HOUSING COMMUNITY REDEVELOPMENT
(COMMUNITY CENTER AND CENTRAL PARK)

This PREDEVELOPMENT LOAN AGREEMENT FOR THE JORDAN DOWNS
PUBLIC HOUSING COMMUNITY REDEVELOPMENT (COMMUNITY CENTER
AND CENTRAL PARK) (this “Loan Agreement”) is effective as of May ____, 2020
(“Effective Date”) by and between the Housing Authority of the City of Los Angeles, a public
body, corporate and politic (the “Authority” or “Lender”) and OMNIA 2020, LLC, a
California limited liability company (the “Borrower”).

RECITALS

WHEREAS, the Authority entered into a Master Development Agreement for the
Redevelopment of the Jordan Downs Public Housing Community (the “Redevelopment”) with
Jordan Downs Community Partners, LLC (“JDCP”) dated August 1, 2012, as amended by that
certain First Amendment to Master Development Agreement (“First Amendment”) dated July
13, 2017, as further amended by that certain Second Amendment to Master Development
Agreement (“Second Amendment”) dated October 4, 2017, and as further amended by that
certain Third Amendment to Master Development Agreement (“Third Amendment”) dated
____________, 2020 (collectively, and as may be further amended, the “MDA” or “Master
Development Agreement”); and

WHEREAS, certain parcels of property within the Redevelopment have been zoned and
planned for public facility and park use, including (i) Lot 11 shown on the lot map entitled “Tract
No. 72805” filed in the records of Los Angeles County, California, on November 23, 2016, in
Book 1394 of maps at pages 49 through 57 and any subsequently-recorded amended final maps,
parcel maps, certificates of correction, lot-line adjustments and/or records of survey, including
the Certificate of Compliance for Lot Line Adjustment recorded on December 8, 2016, as
Document No. 20161557655 in the records of Los Angeles County, California (the
“Community Center Site”), and (ii) Lots 10 and 12 shown on the unrecorded lot map entitled
“Tentative Tract Map No. 82633” prepared by Debra V. Schales, RCE#43101, Fuscoe
Engineering, dated May 1, 2019 (the “Central Park Site” and, together with the Community
Center Site, the “Project”), as more particularly described in Exhibit 1 attached hereto; and

WHEREAS, pursuant to the Third Amendment, JDCP has delegated and assigned to
Borrower, and Borrower has assumed and accepted from JDCP, the obligations under the MDA
to develop the Community Center Site and the Central Park Site; and

WHEREAS, Lender agreed to engage Borrower to develop the Community Center Site
and the Central Park Site pursuant to that certain separate Supplemental Agreement for
Additional Services No. 2, entered into by and between Lender and Borrower as of May ____,
2020 (the “ASA”); and

WHEREAS, the Lender intends to lend up to One Million Eight Hundred Thirty-Eight
Thousand One Hundred and 00/100 Dollars ($1,838,100.00) to the Borrower to cover the
predevelopment costs incurred by Borrower for the Project prior to the Construction Documentation Phase (as defined in the ASA) upon the terms and subject to the conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the promises and the mutual covenants herein contained, the receipt and sufficiency of which are hereby acknowledged, the parties hereto covenant and agree as follows:

ARTICLE 1
Definitions

1.01 Definitions. The following terms are defined as follows for purposes of this Loan Agreement and each shall have the meaning given it unless the context clearly indicates otherwise:

(a) “Architect” means the architect or architects, if any, with whom the Borrower contracts to design and oversee the Predevelopment Work, as such work is defined herein, and subsequent construction of the Project.

(b) “ASA” has the meaning ascribed in the Recitals. The provisions of the ASA are automatically incorporated herein by this reference.

(c) “Assignment of Project Documents” means the instrument executed in connection with the Predevelopment Loan of approximately even date herewith as security for the Predevelopment Loan.

(d) “Borrower” means Omnia 2020, LLC, a California limited liability company, and its successors and assigns.

(e) “Construction Documentation Phase” shall have the meaning ascribed in the ASA.

(f) “Declaration” means any Declaration of Trust, Declaration of Restrictive Covenants or RAD Use Agreement in favor of HUD that is now or hereafter recorded against the Development.

(g) “Default Rate” means the rate of interest to be charged on all sums due under the Note and not paid on or by the Maturity Date, which rate shall be the short-term applicable federal rate in effect on the effective date hereof, plus three percent (3%) per annum.

(h) “Development” means the entire redevelopment effort contemplated under the Master Development Agreement.

(i) “Event of Default” shall have the meaning ascribed in Article 6 of this Loan Agreement.
(j) “Force Majeure” shall have the meaning ascribed in Section 8.18 of this Loan Agreement.

(k) “HUD” means the United States Department of Housing and Urban Development.

(l) “Interest Rate” means the rate of interest that shall accrue on all advances made pursuant to the Note, from the date of disbursement until the Maturity Date, which shall be [three percent (3%)], compounded annually.

(m) “Lender” means the Authority or its successor in interest.

(n) “Lender Funds” means the funds made available to the Lender for Predevelopment Work.

(o) “Loan Amount” means the amount not to exceed an outstanding principal balance of One Million Eight Hundred Thirty-Eight Thousand One Hundred and 00/100 Dollars ($1,838,100.00) to be provided to the Borrower pursuant to this Loan Agreement to cover all of the predevelopment costs incurred by Borrower for the Project prior to the Construction Documentation Phase pursuant to the ASA, as described in the Predevelopment Budget.

(p) “Loan Documents” means all documents identified in Article 4 herein.

(q) “Master Development Agreement” or “MDA” has the meaning ascribed in the Recitals. To the extent the provisions of the Master Development Agreement are automatically incorporated in the ASA by reference therein, the provisions of the Master Development Agreement are incorporated by reference herein by this reference.

(r) “Maturity Date” shall have the meaning as defined in Section 2.08 of this Loan Agreement.

(s) “Note” means the promissory note to be executed by the Borrower evidencing the Predevelopment Loan made pursuant to this Loan Agreement.

(t) “Predevelopment Budget” means the budget attached as Exhibit 3 hereto, as the same may be amended or revised from time to time with the consent of the parties hereto. The Borrower may submit written requests for amendments to line items within Predevelopment Budget at the same time Borrower submits draw requests pursuant to this Loan Agreement. The Authority, at its sole discretion, shall approve or deny such requests for amendments in writing upon disbursement of the Predevelopment Loan proceeds.

(u) “Predevelopment Costs” means those costs incurred prior to the Construction Documentation Phase pursuant to the ASA and outlined in the Predevelopment
Budget.

(v) “Predevelopment Schedule” means the schedule attached as Exhibit 2 hereto, as the same may be amended or revised from time to time with the consent of the parties hereto, and subject to Force Majeure and contingencies as set forth in the ASA.

(w) “Predevelopment Work” means all work contemplated in the Predevelopment Schedule, attached hereto as Exhibit 2, and the Predevelopment Budget, attached hereto as Exhibit 3, for the Project, as such shall be approved by HUD, if required.

(x) “Predevelopment Loan” means a loan up to the Loan Amount, made by the Lender to the Borrower.

(y) “Project” means the development of the Community Center Site and the Central Park Site pursuant to the ASA as depicted in Exhibit 1.

(z) “Soft Costs” means professional fees, consultant fees and other soft Project costs identified in the Predevelopment Budget.

(aa) “State” means the State of California.

(bb) “Third Party Costs” means costs for work to be performed by third parties not affiliated with the Borrower, as such costs are contemplated in the Predevelopment Budget. For purposes of this definition, an “affiliated” party shall mean any entity that Borrower has an ownership interest in or any entity that shares ownership interests with the Borrower in another entity, or an entity that “controls” or is “controlled” by Borrower (as the term “control” is defined in Section 3.09 herein.).

1.02 Other Definitions. Capitalized terms utilized herein and not otherwise defined shall have the meaning prescribed in the ASA.

ARTICLE 2
Loan Agreement to Construct, Lend and Repay

2.01 Predevelopment Loan. Subject to the terms and conditions of this Loan Agreement and the Note, and so long as no Event of Default exists, the Lender agrees to lend to the Borrower, as an advance of principal under the Note, funds totaling no more than One Million Eight Hundred Thirty-Eight Thousand One Hundred and 00/100 Dollars ($1,838,100.00); and the Borrower agrees to repay all sums so advanced, together with interest as provided in said Note.

2.02 Use of Predevelopment Loan Proceeds for the Project. The proceeds of the Predevelopment Loan shall be used solely for the payment of Predevelopment Costs incurred prior to the Construction Documentation Phase in accordance with the Predevelopment Budget.
2.03 **Cost Overruns.** If the Predevelopment Work shall exceed the value of this Predevelopment Loan, the Borrower affirms that any additional Predevelopment Costs shall be the responsibility of the Borrower and not of the Lender.

2.04 Intentionally Deleted.

2.05 Intentionally Deleted.

2.06 **Interest.** Starting on the date of the first advance on the Note and ending on the Maturity Date, the unpaid principal amount of advances shall bear interest at the Interest Rate. Interest shall accrue annually on the outstanding principal balance and unpaid interest shall be due and payable on the Maturity Date. All past due principal and interest shall bear interest at the Default Rate, as defined herein.

2.07 **Repayment; Pre-Payment Permitted.** Subject to Section 3.1.10 of the ASA, the Borrower agrees to repay the outstanding principal, together with all interest accrued thereon at the Interest Rate, according to the terms outlined in the Note. The Borrower may, at its option, prepay all or any portion of the unpaid principal balance of the Note, together with interest accrued through the date of such prepayment, without charge or penalty. No funds provided by the Lender shall be used for such repayment or prepayment in any manner that would be in violation of applicable HUD requirements, if any.

2.08 **Term.** The term of this Loan Agreement shall commence on the effective date hereof and continue until __________, 2023 (the “Maturity Date”). Except in the case of an uncured Event of Default under Section 6.01(b) – (l) of this Loan Agreement, if the Predevelopment Loan has not been repaid in full by the Maturity Date, then Lender’s sole recourse is limited to any assets assigned to Lender and any additional security granted to Lender under the Loan Documents, including, but not limited to, Borrower’s right, title and interest in all documents and work product relating to the Project that has been paid for in whole or in part by the Lender as assigned pursuant to the Assignment of Project Documents.

2.09 **Forgiveness of Loan for Failure of a Contingency; Termination for Convenience.** If, at any time prior to the Maturity Date, the Master Development Agreement is terminated by either party for failure of a Contingency as described in Section 8.2 of the Master Development Agreement, or by the Authority for convenience pursuant to Section 8.5 of the Master Development Agreement, or if the commencement of the [Development Phase (as defined in the ASA)] does not occur by the Maturity Date for any other reason not the fault of Borrower, the Authority shall forgive the Predevelopment Loan in exchange for the work product produced with the proceeds of the Predevelopment Loan as defined in and assigned to the Authority by the Assignment of Project Documents.

**ARTICLE 3**

**Covenants**

3.01 **Performance of the Predevelopment Work.** The Borrower represents, warrants and covenants that the Predevelopment Work will be conducted in accordance with the ASA, the
Predevelopment Budget, the Predevelopment Schedule, all applicable permits and approvals, and any title or other restrictions or conditions affecting the Project.

3.02 **Responsibility for Costs Exceeding Predevelopment Loan Amount; Changes in Predevelopment Budget.** The Borrower acknowledges that the Lender is not obligated to advance funds that would cause the outstanding principal balance of the Predevelopment Loan to exceed the Loan Amount. Borrower, however, may request changes in any individual Predevelopment Budget line item that is offset by a corresponding decrease in one or more other line items such that the total Predevelopment Budget is not increased, so long as the integrity and quality of the Project and Predevelopment Work are not materially adversely affected. Such request must be submitted to Lender promptly upon Borrower’s knowledge of the need to revise the Predevelopment Budget and no later than five (5) business days before any request for disbursement of funds that will cover such revised costs. Lender’s approval of such requests shall not be unreasonably withheld.

3.03 **Architect’s Agreement.** The Borrower shall retain the Architect under a binding contract or contracts to provide all architectural services necessary for the Predevelopment Work and to begin the design and construction of the Project. The Borrower shall either own the Architect work product or obtain the Architect’s written consent to collaterally assign the contract to Lender and to assign the work product pursuant to the Assignment of Project Documents.

3.04 **Contracts.** The Borrower shall make available for review by the Lender and HUD, if required, copies of all contracts for Predevelopment Work, anticipated Construction Documentation Phase Work or Development Phase Work, or any portion thereof, in accordance with the ASA and this Loan Agreement. The Borrower agrees that all its interest in drawings, tracings, specifications and other documents prepared by the Borrower, its individual members or subcontractors and used in the Project and Predevelopment Work shall be collaterally assigned to the Lender pursuant to the Assignment of Project Documents. The Borrower also agrees that all its plans, studies, reports, drawings, permits, approvals (including the award of tax credits to the extent assignable), and other work product produced or obtained by the Borrower, and used in the Project and construction on the Project and all of the Borrower, interests in agreements relating to such work product shall be properly provided to the Lender in accordance with the ASA.

3.05 **Right to Enter.** Borrower, or any of its affiliates, may be granted a right to enter the Project for itself and/or its contractors by the Authority pursuant to the License Agreement described in Section 3.1.1 of the ASA and executed by the Authority and the Borrower, of even date herewith (the “License Agreement”). A default by Borrower under such License Agreement shall be a default under this Loan Agreement.

3.06 **Monitoring Contractors; Correction of Defects.** The Borrower shall monitor the performance of all persons and entities providing materials, equipment or services to the Predevelopment Work and shall take such actions as are necessary to maintain adherence to quality standards, safety standards, production schedules, shipping dates, and job-site requirements. The Borrower shall use reasonable efforts to guard against defects and deficiencies
in design and construction that is performed as part of the Predevelopment Work. The Borrower shall correct, or cause to be corrected, any material deviation from the ASA, the Predevelopment Budget and the Predevelopment Schedule.

3.07 Inspection by the Lender. The Lender, its authorized agents, and HUD and its authorized agents, may inspect the Project and any work in progress for the purpose of protecting or furthering the Lender’s and/or HUD’s interest under this Loan Agreement. The Lender shall have no obligation to make any such inspection of the Project. Such inspections are for the Lender’s information only, and any such inspection shall not relieve the Borrower of its obligation to complete the Predevelopment Work in accordance with this Loan Agreement, the ASA, the Predevelopment Budget and the Predevelopment Schedule. In no event shall the Lender’s inspection of the work be deemed acceptance of all or any of the work, equipment, or materials or a waiver of any right the Lender has under this Loan Agreement and/or the ASA.

3.08 Compliance with Law. All Predevelopment Work shall comply with all applicable federal, state and local laws, rules and regulations, including without implied limitation those pertaining to zoning, environmental, subdivision, building, health, safety and sanitary conditions.

3.09 Entity Matters. The Borrower represents and warrants that it is a limited liability company duly organized and validly existing under the laws of the State of California and duly authorized to enter into this Loan Agreement. Borrower shall seek Lender’s consent to any changes in control of the Borrower and/or in the control of any member or partner in the Borrower, except to the extent that such changes in control do not require Lender’s consent under the ASA or Master Development Agreement. For purposes of this section, “control” shall mean the power to, directly or indirectly, direct, or cause the direction of, the management or policies of Borrower, whether by contract, ownership or otherwise. Borrower shall provide notice to Lender prior to any change in ownership of the Borrower and/or ownership of any member or partner in the Borrower.

3.10 No Default. Borrower represents and warrants that the consummation and performance of the transaction contemplated by the Loan Documents will not constitute a default under any agreement or obligation to which the Borrower is a party or any obligation by which the same may be bound.

3.11 Insurance. The Borrower will obtain and maintain, and require its contractors to obtain and maintain, the insurance policies and coverages required by the ASA.

3.12 Notices. The Borrower shall, with reasonable promptness, but in any event within fourteen (14) calendar days after it has actual knowledge thereof, notify the Lender in writing of the occurrence of any act, event or condition that constitutes, or that after notice or lapse of time or both would constitute, an Event of Default by the Borrower. Such notification shall include a written statement of any remedial or curative actions that the Borrower proposes to undertake to cure or remedy such default.

3.13 Declaration in Favor of HUD. Borrower shall comply in all respects with any
3.14 Encumbrances. Borrower covenants to, and shall cause its contractors to, keep the Project free from any and all liens and/or encumbrances, including stop work notices, arising out of the Predevelopment Work, materials furnished, or obligations incurred by or for Borrower and/or its contractors. Borrower shall be jointly and severally responsible for discharging and releasing any lien or encumbrance from the Predevelopment Property caused by Borrower, its contractors, or assigns in connection with the Predevelopment Work, and for all costs associated therewith.

ARTICLE 4
Conditions on Advances

4.01 Conditions on Advances. The obligation of the Lender to make the Predevelopment Loan or any advance is subject to the compliance by the Borrower with its covenants, agreements, representations and warranties contained in the Loan Documents and in the ASA and to the satisfaction before making the Predevelopment Loan or any such advance, of the following:

(a) The Borrower shall have incurred costs or expended funds in accordance with the Predevelopment Budget and Predevelopment Schedule;

(b) The following documents (together with this Loan Agreement and any UCC financing statements, “Loan Documents”) shall have been duly executed and delivered by the parties thereto and shall be in full force and effect and, to the extent required by the Lender, all lien documents securing the Predevelopment Loan shall have been duly recorded:

1. the Note;
2. the Assignment of Project Documents;
3. such other documents, instruments, and/or papers, which may evidence or secure the Predevelopment Loan if applicable;

(c) The Borrower shall have collaterally assigned to the Lender such of those contracts as the Lender requests pursuant to the Assignment of Project Documents as security for the Predevelopment Loan and such contractors and their subcontractors shall have assented in writing thereto, all by instruments acceptable to the Lender in the Lender’s discretion;

(d) The Borrower shall provide a certificate of good standing dated within the last thirty (30) days for (i) the Borrower, (ii) the members or partners of Borrower, and (iii) the Guarantor (as defined in the ASA);

(e) The Borrower shall have provided such other evidence as the Lender reasonably may require that the Predevelopment Work complies with the Predevelopment Budget, the Predevelopment Schedule, the ASA, and with all applicable federal, state and
municipal laws;

(f) Intentionally Deleted;

(g) No Event of Default shall exist and no event exists that, with the passage of time or giving of notice by the Lender, constitutes an Event of Default;

(h) Borrower has delivered to Lender current financial statements prior to the execution of this Loan Agreement; however, if the Borrower has no financial statements then Borrower will provide current financial statements from the Guarantor (as defined in the ASA);

(i) Borrower shall have the required insurance in effect and shall have provided certificates evidencing such insurance; and

(j) Borrower shall be in compliance with the requirements of Section 3 of the Housing and Urban Development Act of 1968 and Section 2.4 of the ASA.

ARTICLE 5
Disbursements

5.01 Borrower Representations and Warranties with Each Disbursement. Each request by the Borrower for a disbursement under this Loan Agreement: (a) shall constitute the Borrower’s affirmation that the representations and warranties contained in this Loan Agreement and the ASA, as applicable, remain true and correct as of the date of such request; (b) shall constitute the Borrower’s representation and warranty that the information set forth in each such request and any certification by the Borrower, the Architect or any contractor supplied in connection therewith is true and correct and omits no material fact necessary to make the same not misleading; and (c) shall constitute the Borrower’s affirmation of compliance with the covenants contained in this Loan Agreement.

5.02 Requests for Disbursements. The proceeds of the Predevelopment Loan shall be disbursed as the work to be paid for by the Predevelopment Loan proceeds is performed. The Borrower shall submit draw requests to the Authority not more frequently than one (1) time each calendar month. The Authority will make a good faith effort to disburse the Predevelopment Loan proceeds under each draw request within thirty (30) calendar days after the request.

(a) Each request for a disbursement shall be made to the Lender in writing, and disbursements shall not be requested more frequently than monthly. Each request for disbursement shall be funded within thirty (30) days after it has been properly submitted and when conditions on advances under Section 4.01 have been satisfied. Each request for a disbursement must:

(i) identify the line item in the Predevelopment Budget for which such payment is to be applied against;

(ii) attach thereto such invoices, identification of services rendered, or
other evidence of obligation due and owing, as well as documentation related to the Authority Section 3 MBE/WBE/DBE Policy as described in Section 2.4 of the ASA, and wage rate compliance;

(iii) be signed by an authorized representative of Borrower;

(iv) as requested by Lender, include copies of invoices, cancelled checks, and any additional supporting documentation for Third Party Costs previously paid by Lender and invoices and supporting documentation for the current disbursement request;

(v) attached thereto waivers/releases of liens from all Third Party Contractors covering all work to be paid for, in whole or in part, by proceeds of such disbursement, all in compliance with the mechanics’ lien and stop notice laws of the State of California. Borrower is responsible for ensuring that Lender receives lien waivers and releases for all work to be covered by any disbursement. In the case of work that is not subject to the lien laws of the State of California, Borrower must deliver, or arrange for the delivery of, a Contractor Certification in the form attached at Attachment 1 to Exhibit 4 attached hereto; and

(vi) attach thereto such other certificates, documents, information, or instruments the Lender shall reasonably require to substantiate the same.

5.03 Disbursements Contingent on Lender’s Satisfaction. The Lender shall not be obligated to make any disbursements unless the Lender is satisfied in its reasonable judgment that the conditions, precedent to the making of such disbursements, have been satisfied by the Borrower and Borrower is in compliance with its obligations under the Loan Documents.

5.04 Lender’s Right to Withhold Disbursements. The Lender shall have the right to withhold disbursements, in whole or in part, if: (a) any contractor’s or mechanic’s lien, laborer’s lien, notice of contract or other like instrument or claim relating to the Project or Predevelopment Work has been recorded or filed (and/or Lender has received notice of the same) and is not promptly discharged of record; (b) Predevelopment Work is in any material respect not in accordance with the Loan Documents, including the Predevelopment Budget and Predevelopment Schedule, or ASA or (c) the Borrower is in default (after any applicable notice and cure period) under any obligations to the Lender as described in the Loan Documents.

ARTICLE 6
Events of Default and Remedies

6.01 Events of Default. Each of the following shall constitute an “Event of Default” for purposes of this Loan Agreement, subject to the provisions of Section 2.09:

(a) The failure by the Borrower to pay the Note when due;

(b) Intentionally Deleted;

(c) The failure of the Borrower to make any other payment required under the
terms of this Loan Agreement, or any of the other Loan Documents or any of the exhibits hereto, within thirty (30) days after receipt of written notice from the Lender;

(d) Except as otherwise provided herein, the failure of the Borrower to promptly and accurately perform any other covenant or agreement contained in this Loan Agreement and any of the other Loan Documents or any of the exhibits hereto, and the additional failure to cure or remedy such within a period of thirty (30) days after written notice thereof; provided, however, that if such failure cannot be remedied in such time, the Borrower shall have such additional time needed to remedy such failure as long as the Borrower commences efforts to cure within thirty (30) days and, in the determination of the Lender, diligently and in good faith pursues such cure or remedy;

(e) The Borrower abandons work, or ceases work for a period of more than thirty (30) consecutive days unless such cessation is permitted in accordance with the ASA;

(f) Borrower defaults under the License Agreement, if applicable, and such default is not cured within the applicable cure periods therein;

(g) Any representation, warranty or certificate given or furnished by on behalf of the Borrower, or the members or partners in the Borrower, shall prove to be materially false as of the date on which the representation, warranty or certification was given and shall prove to have a material adverse effect on the Lender; provided, however, that if any representation, warranty or certification that proves to be materially false is due to the Borrower’s inadvertence, then Borrower shall have a thirty (30) day opportunity beginning upon the earlier of (i) Borrower’s knowledge of the breach or (ii) written notice thereof from Lender, to: (1) cause such representation, warranty or certification to be full, true and complete in every respect; and (2) cure the harm caused to the Lender by the falsity of such representation, warranty or certification;

(h) The Borrower or the members or partners of Borrower, or members or partners of Borrower shall file, or have filed against it, a petition of bankruptcy, insolvency or similar action pursuant to state or federal law, or shall file any petition or answer seeking, consenting to, or acquiescing in, any reorganization, arrangement readjustment, liquidation, dissolution or similar relief; or shall be adjudicated bankrupt or insolvent, under any present or future statute, law, regulation, either state or federal, and such judgment or decree is not vacated or set aside; provided, however, that in the event of an involuntary bankruptcy proceeding, Borrower, or the members or partners in the Borrower, shall have ninety (90) days to have such petition, judgment or decree set aside or vacated;

(i) The Borrower or the members or partners in Borrower shall make an assignment for the benefit of creditors, or shall submit in writing its inability to pay its debts generally as they become due;

(j) The Borrower, or the members or partners in Borrower shall default under the ASA and fail to cure such default within the applicable cure period;
There is a change in the ownership interests or a change in the control of the Borrower, or the members or partners in the Borrower, without prior notice to or approval by the Lender as required by Section 3.09 hereof; or

The Borrower fails to maintain, or fails to cause to be maintained, insurance as required by this Loan Agreement, provided that, except as otherwise required pursuant to the ASA (i.e. the requirement to obtain reporting period premiums, as applicable) or the License Agreement, the maintenance of insurance for contractors shall only be required while such contractors are under contract.

6.02 Remedies Upon Events of Default.

(a) Upon the occurrence of an Event of Default, at its option and without notice, the Lender may (but shall not be required to) (i) terminate this Loan Agreement and the Lender’s commitment to make any disbursement hereunder; (ii) declare the indebtedness evidenced by the Note to be immediately due and payable, and pursue the Lender’s other remedies under the other Loan Documents; or (iii) institute any action, suit, or other proceeding at law or in equity, which the Lender shall deem necessary or proper for the protection of its interest.

(b) Upon an Event of Default, all plans, studies, reports, drawings, permits, approvals and other work product produced or obtained by the Borrower in connection with the Predevelopment Work and all of the Borrower’s interest in agreements relating to such work product, shall be properly assigned to the Lender without further compensation to the Borrower so long as such items have been paid for, in whole or in part, by the Lender through advances under the Phase-Related Predevelopment Loan or otherwise. Such assignment shall be made pursuant to the Assignment of Project Documents.

(c) At any time after the occurrence of an Event of Default and during its duration, the Lender may revoke Borrower’s right of entry to the Predevelopment Property and may perform any and all work and labor necessary to complete the Predevelopment Work and do all things reasonably necessary therefor.

6.03 Remedies Cumulative. Upon the occurrence of an Event of Default, the rights, powers, and privileges provided in this Article 6 and all other remedies available to the Lender under this Loan Agreement or any of the Loan Documents or otherwise at law or in equity may be exercised by the Lender at any time and shall not constitute a waiver of any of the Lender’s other rights and remedies thereunder, whether or not the indebtedness shall become due and payable, and whether or not the Lender shall have instituted action for the enforcement of its rights under any of the Loan Documents. Nothing in this Loan Agreement or any other Loan Documents shall limit the rights or remedies of the Lender under the ASA.

6.04 Borrower’s Waiver of Presentment, Etc. The Borrower hereby waives, to the extent permitted by applicable law: (a) all presentments, demands for performance, notices of nonperformance (unless required by the terms hereof or any other Loan Document), protests, and/or notices of dishonor; (b) any requirement of diligence or promptness on the Lender’s part.
in the enforcement of its rights under this Loan Agreement or any Loan Document; and (c) any and all notice of every kind and description that may be required to be given by any statute or rule of law.

6.05 **Course of Dealing Not Operative as Waiver.** No course of dealing between the Borrower, on the one hand, and the Lender, on the other hand, shall operate as a waiver of the Lender’s rights under any Loan Document. A waiver on one occasion shall not be deemed a waiver of such right or any other right hereunder. Any waiver by the Lender must be in writing and signed by the Lender to be effective. The making of a disbursement during the existence of an Event of Default shall not constitute a waiver of such Event of Default.

**ARTICLE 7**

**Public Housing Provisions**

7.01 **Predevelopment Loan of Funds Not Deemed Assignment.** The Borrower acknowledges that any Predevelopment Loan or transfer of Lender Funds by the Lender to the Borrower shall not be or be deemed to be an assignment of such funds, and the Borrower shall not succeed to any rights or benefits of the Lender under its agreements with HUD, or attain any privileges, authorities, interests, or rights in or under such agreements.

7.02 **Transferred Funds Not Deemed To Create Relationship With HUD or Third Parties.** Nothing contained in any agreement between the Lender or Borrower, nor any act of HUD or the Lender, shall be deemed or construed to create any relationship of third-party beneficiary, principal and agent, limited or general partnership, joint venture, or any association or relationship involving HUD, except between HUD and the Lender, or any other third party.

7.03 **Amendments Must Be Approved by HUD To Be Effective.** This Loan Agreement may not be materially amended without prior written approval of HUD, to the extent such approval is required.

7.04 **Compliance with Lender Funds Requirements.** The Borrower shall comply with all contracting, labor, employment and other requirements imposed on Lender Funds under the Housing Act of 1937 and 24 C.F.R. Parts 941, as each may be amended from time to time, and Sections 2.2 and 2.4 of the ASA. The Borrower shall further include in all contracts and subcontracts (a) applicable contracting, labor and employment provisions described in the ASA and Exhibit F-1 thereof and (b) a form of consent of contractor as required in the Assignment of Project Documents. The Borrower shall further comply with the Authority Section 3 MBE/WBE/DBE Policy and the requirements in Section 2.4 of the ASA.

**ARTICLE 8**

**Miscellaneous**

8.01 **Limitation on Assignment.** The Borrower may not assign this Loan Agreement or the monies due under this Loan Agreement without the Lender’s prior written consent, which the Lender in its sole discretion may grant or withhold.
8.02 **Further Assurances.** Whenever the Lender requests, the Borrower shall execute, acknowledge and deliver such further instruments or documents that the Lender may reasonably require to further perfect its rights and remedies under this Loan Agreement, the Note and any other Loan Document and in all collateral therefor, provided that, without the consent of Borrower, no greater rights or remedies are granted to the Lender thereunder, nor shall any greater burden be imposed on Borrower, than is contained herein.

8.03 **Subordination.** There is no agreement, contract or instrument to which Borrower is a party or by which Borrower may be bound that requires the subordination in right or payment of any of Borrower’s obligation subject to this Loan Agreement to any other obligation of Borrower.

8.04 **Construction of Documents.** To the extent that there may be any inconsistency or conflict between the terms of any other Loan Document and this Loan Agreement, this Loan Agreement shall govern. To the extent there may be any inconsistency or conflict between the terms of this Loan Agreement and the ASA, the terms of the ASA shall govern, except that to the extent that such inconsistency or conflict is caused solely by presence of additional detail in this Loan Agreement, this Loan Agreement shall control.

8.05 **No Waiver.** This Loan Agreement may be amended, waived or discharged only by writing signed by the party against whom enforcement of the amendment, waiver or discharge is sought. Any oral waiver, change or discharge of any provision of this Loan Agreement by any representative of a party shall be without authority and of no force or effect.

8.06 **Parties Bound.** This Loan Agreement shall bind upon and inure to the benefit of each party and their permitted successors and assigns. This Loan Agreement is a contract by and between the Borrower and Lender for their mutual benefit, and no third person shall have any right, claim or interest against any party hereto by virtue of any provision hereof.

8.07 **Time of the Essence.** The parties agree that time is of the essence in this Loan Agreement.

8.08 **Severability.** If any term or provision of this Loan Agreement or the application thereof to any person or circumstances shall be invalid or unenforceable, the remainder of this Loan Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Loan Agreement shall be valid and be enforced to the fullest extent permitted by law.

8.09 **Choice of Law.** This Loan Agreement and the rights and obligations of the Lender and the Borrower under this Loan Agreement and under all documentation executed incident to the Loan Agreement shall be construed in accordance with, and governed by the law of, the State of California. Borrower hereby consents and submits to personal jurisdiction in any state or federal court located within the State of California.

8.10 **Notices.** All notices, requests, demands, approvals, or other communications
given hereunder or in connection with this Loan Agreement shall be in writing and shall be
deemed given when delivered by hand or sent by registered or certified mail, return receipt
requested, or nationally recognized overnight courier service, addressed as follows; provided that
failure to deliver additional copies shall not invalidate the notice:

If to Authority:
Housing Authority of the City of Los Angeles
2600 Wilshire Boulevard, 3rd Floor
Los Angeles, CA 90057
Attn: President/CEO

And to:
Reno & Cavanaugh, PLLC
455 Massachusetts Avenue, NW Suite 400
Washington, DC 20001
Attn: Megan Glasheen, Esq.

If to Borrower:
Omnia 2020, LLC
10000 Washington Blvd, Suite 300
Culver City, CA 90232
Attn: Arturo Sneider

And to:
Law Offices of Robert P. Friedman
827 Moraga Drive
Bel Air, CA 90049
Attn: Robert P. Friedman, Esquire

8.11 **Headings and Titles.** The headings and titles of the articles, sections, and
subsections used in this Loan Agreement are for convenience purposes only and shall not be
used to interpret any of the provisions of this Loan Agreement.

8.12 **Interpretive Provisions.** “Discretion,” “sole discretion,” “option,” “election” or
words of similar import in these Loan Documents denote the Lender’s privilege to act in
furtherance of the Lender’s interest to preserve the value of the collateral as security for, and
otherwise to further repayment and performance of, all obligations without obligation or liability
to the Borrower. “Reasonable judgment” in the Loan Documents denotes an objective standard
obligating the Lender in good faith to act in a manner that is consistent with the usual and
customary practices of public lenders in the metropolitan area.

8.13 **Amendments.** No part of this Loan Agreement or any other Loan Document may
be amended unless there is a written instrument executed by the party to be charged.

8.14 **Exhibits.** All exhibits annexed to this Loan Agreement are incorporated herein as
if fully set forth.

8.15 **Recitals.** The recitals and/or whereas clauses are hereby incorporated as part of
this Loan Agreement.
8.16 **Counterparts.** This Loan Agreement may be executed in several counterparts, each of which shall be fully effective as an original and all of which shall together constitute this Loan Agreement.

8.17 **Entire Loan Agreement.** This Loan Agreement, the exhibits hereto, and agreements referenced herein, embody the entire Loan Agreement and understanding between the Lender and the Borrower relating to the Predevelopment Loan and supersede all and any prior verbal or written agreements by and among the parties unless specifically referenced in this Loan Agreement.

8.18 **Effective Date.** Upon execution, this Loan Agreement shall be effective upon the date indicated in the first paragraph hereof.

8.19 **Force Majeure.** If the Borrower is delayed in performing any covenant hereunder due to causes beyond the control and without intentional misconduct or negligence of the Borrower, then the time for performing the applicable covenant shall be extended for a period of time corresponding to the period of delay, with a reasonable adjustment to any applicable performance schedule affected by the delay. Such causes shall comprise “**Force Majeure Events**” as that term is defined in Section 8.1 of the Master Development Agreement.

[signature page(s) to follow]
IN WITNESS WHEREOF, the Lender and Borrower have each duly executed, or caused to be duly executed, this Loan Agreement as of the date first written below.

**LENDER:**

**HOUSING AUTHORITY OF THE CITY OF LOS ANGELES**

By: ____________________________
Douglas Guthrie
President and Chief Executive Officer

**BORROWER:**

**OMNIA 2020, LLC**

By: ____________________________
Arturo Sneider
Manager
EXHIBIT 1

PROJECT
EXHIBIT 2

PREDEVELOPMENT SCHEDULE
EXHIBIT 3

PREDEVELOPMENT BUDGET
EXHIBIT 4

CERTIFICATION FOR REQUEST FOR PAYMENT OF THIRD PARTY COSTS

Along with each request to Lender for funds relating to Third Party Costs under the Predevelopment Loan, the Borrower shall furnish the following certification or the advance shall not be made. All terms used herein shall have the meaning given to them in the Predevelopment Loan Agreement.

I hereby certify, to the best of my knowledge and belief that:

(a) The amounts requested are only for performance in accordance with the terms of the Loan Agreement, Predevelopment Budget and the ASA.

(b) Certain payments to subcontractors, consultants, professionals, and suppliers ("Contractor(s)") have been made by Borrower, and Borrower is requesting reimbursement for such costs in the amount of $___________. Evidence of payment of such costs, including lien waivers, releases or Contractor Certifications as described herein, is included with the request for disbursement accompanying this Certification. Borrower has obtained and delivered, or arranged for delivery of, lien waivers and releases for all Predevelopment Work paid for in whole or in part by Lender through this requested disbursement. In the case of work that is not subject to the lien laws of the State of California, Borrower has delivered a Contractor Certification in the form attached hereto at Attachment 1, confirming that Contractor has been paid in full for services performed as of the date of the Contractor Certification.

(c) This request for funds does not include any amounts that the Borrower intends to withhold or retain from a subcontractor, consultant, professional, or supplier.

BORROWER:

OMNIA 2020, LLC

By: ____________________________________
Name: ____________________________________
Title: ____________________________________
Date: ____________________________________
ATTACHMENT 1 TO EXHIBIT 4

CONTRACTOR’S CERTIFICATION

I hereby certify, that payment in the amount of $_____________ has been received from Omnia 2020, LLC for services and/or supplies described in the attached invoice.

[INSERT COMPANY NAME]

By: ____________________________________
Name: ____________________________________
Title: ____________________________________

Date: ____________________________________
NON-NEGOTIABLE PREDEVELOPMENT LOAN PROMISSORY NOTE FOR
THE JORDAN DOWNS PUBLIC HOUSING COMMUNITY REDEVELOPMENT
(COMMUNITY CENTER AND CENTRAL PARK)

$1,838,100.00 Los Angeles, California
May ___, 2020

FOR VALUE RECEIVED, OMNIA 2020, LLC, a California limited liability company
(“Maker”), promises to pay to the order of the Housing Authority of the City of Los Angeles
(“Holder”) at 2600 Wilshire Boulevard, Third Floor, Los Angeles, California 90057, or at such
other place as Holder may from time to time designate in writing, the principal sum of One
Million Eight Hundred Thirty-Eight Thousand One Hundred and 00/100 Dollars ($1,838,100.00), or so much thereof as may be advanced and outstanding, in lawful money of the
United States.

1. All terms used herein that are not otherwise defined are defined in the Loan
Agreement (as hereinafter defined) and the provisions of the Loan Agreement relating to the
Predevelopment Loan are hereby incorporated herein by this reference.

2. This Non-Negotiable Predevelopment Loan Promissory Note for the Jordan
Downs Public Housing Community Redevelopment (Community Center and Central Park) (this
“Note”) evidences and secures the “Predevelopment Loan” as defined and described in that
certain Predevelopment Loan Agreement for the Jordan Downs Public Housing Community
Redevelopment (Community Center and Central Park), dated of even date herewith, between
Maker and Holder (the “Loan Agreement”), which has been entered into pursuant to the Master
Development Agreement and the ASA. Pursuant to the terms of the Third Amendment of the
Master Development Agreement, Jordan Downs Community Partners LLC has assigned its
rights to develop the Community Center Site and the Central Park Site to Maker, by which
assignment Maker is subject to the obligations set forth in the ASA and, to the extent
incorporated into the ASA by reference, the Master Development Agreement. Collectively this
Note, the Loan Agreement and associated documents constitute the “Loan Documents.” The
principal amount of this Note will be disbursed as contemplated and controlled by the Loan
Agreement.

3. The principal amount of this Note shall bear interest prior to maturity at an
interest rate equal to [three percent (3%)], compounded annually. The principal amount of this
Note in the sum of One Million Eight Hundred Thirty-Eight Thousand One Hundred and 00/100
Dollars ($1,838,100.00), or so much thereof as may be advanced and outstanding, shall be
repayable as follows:

(a) Subject to Section 2.08 and 2.09 of the Loan Agreement and Borrower’s
right to prepay the Note pursuant to Section 2.07 of the Loan Agreement, the Predevelopment
Loan shall be repaid to Holder hereof by Maker out of [the proceeds of financing sources for the
Project and any funds raised by the Community Center Nonprofit (as defined in the ASA)]. The
source of repayment shall be in accordance with the approved closing draw schedule, provided,
however, that no funds provided by Holder shall be used for such repayment in any manner that
would be in violation of HUD requirements.

(b) Subject to Section 2.09 and 2.08 of the Loan Agreement, the repayment of funds due under the Loan Agreement shall be [_____________, 202__] (the “Maturity Date”).

(c) Except in the case of an uncured Event of Default under Section 6.01(b) – (l) of the Loan Agreement, if the loan has not been repaid in full by the Maturity Date, then Holder’s sole recourse shall be limited to any assets assigned to Holder and any additional security granted to Holder under the Loan Documents, including, but not limited to, Maker’s right, title and interest in all documents and work product relating to the Project that have been paid for in whole or in part by Holder as assigned pursuant to the Assignment of Project Documents. Holder, in its sole discretion, may accelerate repayment if an Event of Default occurs under any Loan Documents after the expiration of the applicable cure periods therein.

(d) Any and all sums not paid, which are required to be paid, on the Maturity Date as required hereunder shall bear interest at the Default Rate of the short-term applicable federal rate in effect on the effective date hereof, plus three percent (3%) from the Maturity Date until the date paid.

(e) This Note may be prepaid in whole or in part at any time, and from time to time without premium or penalty.

4. It is expressly agreed that time is of the essence in this Note and in the event of:

(a) any default in the full and punctual payment of all or part of any installment of principal or interest hereunder as and when the same become due and payable; or

(b) upon the occurrence of any “Event of Default” under the Loan Agreement and the expiration of any applicable period of grace within which Maker may cure the same, there shall be an Event of Default under this Note;

then, in any such event, Holder hereof, at its option, may declare the entire outstanding principal balance hereof, together with all costs, fees, expenses, charges for collection, including reasonable attorneys’ fees (which shall include outside counsel fees and all allocated costs of Holder’s in-house counsel), and costs for declaratory relief, arbitration, prosecution or defense of any action related to this Note, to be immediately due and payable in full, without further demand or notice to Maker or to any other party.

5. Failure of Holder to exercise any rights hereunder with respect to any default shall not excuse such default and shall not constitute Holder’s waiver of the right to the latter exercise thereof, in the absence of a written agreement to the contrary executed and delivered by Holder hereof and subsequent to such default.

6. All payments hereunder shall be paid in lawful money of the United States, which, at the time of payment, shall be legal tender for the payment of all debts and dues, public and private.
7. All sums received hereunder shall be applied in the following order: first, upon an Event of Default to costs and expenses of Holder incurred in connection with the Loan, including costs of collection and reasonable attorney’s fees, second, to interest, and then to principal.

8. Maker, all endorsers and guarantors hereof, and all others who may become liable for all or any part of the indebtedness evidenced hereby: (i) agree to be jointly and severally bound hereby, as primary obligors; (ii) jointly and severally waive and renounce any and all exception rights, including that of homestead, and the benefit of all valuation and appraisement privileges available to them or any of them pursuant to the Constitution or the laws of the United States or of any state, territory or jurisdiction, as against this debt or any renewal or extension thereof; and (iii) jointly and severally waive presentment for payment, demand, notice of protest, and any and all lack of diligence or delays in collection or enforcement hereof or in bringing suit for the collection hereof or in taking any other action hereunder. Maker and all others who may become liable for all or any part of the indebtedness evidenced hereby further agree with Holder thereof that said Holder may, without notice, in such manner, on such terms and for such times(s) as Holder may see fit, increase, extend, or renew this Note, and/or release any maker hereof, and/or substitute or add guarantors, and/or substitute or release all or any part of the collateral (real, personal or mixed) securing this Note, all without any way affecting, impairing, limiting, releasing or foregoing the joint and several liability of Maker and all endorsers and guarantors hereof not so released. The foregoing shall in all events be subject to the limitations on recourse set forth in Section 9 hereof.

9. The recourse of Holder shall be limited as set forth in this Note and the Loan Agreement. It is agreed that the agreements limiting the exercise of remedies against Maker or any general partner or managing member of Maker, shall not:

(a) constitute a release, discharge or waiver of the indebtedness evidenced by the Note and the indebtedness evidenced by the Note shall continue until satisfied or paid in full;

(b) limit or be construed to limit the personal liability of Maker or any general partner or managing member of Maker, for the performance of the covenants and obligations under the Loan Documents, other than the covenant to personally pay the indebtedness evidenced by the Note; or

(c) affect any additional remedies or liens which Holder has for the indebtedness evidenced by the Note and for the enforcement of any rights which Holder has under the Loan Documents.

Except as provided above, no general or limited partner or member of Maker, or any affiliate thereof, nor any officer, director, shareholder or employee of any of said entities, shall have any personal liability hereunder.

10. Maker hereby represents and warrants to, and covenants with, Holder that the entire proceeds hereof have been or will be used for the purpose of eligible Predevelopment Costs incurred by Maker for Predevelopment Work on the Project.
11. The rights and obligations created hereunder shall be construed and enforced according to, and shall be governed by, the laws of the State of California.

12. The unenforceability or invalidity of any provision or provisions hereof shall not render any other provision or provisions hereof invalid or unenforceable.

13. Holder shall not have the right to assign this Note without the prior written consent of Maker; provided, however, that Holder shall have the right to assign this Note to an affiliate of Holder without the prior written consent of Maker. Maker shall not have the right to assign this Note without the prior written notice of Holder.

[signature page follows]
WITNESS the following signature and seal.

**MAKER:**

**OMNIA 2020, LLC,**

a California limited liability company

By: ____________________________________

Arturo Sneider
Manager
LICENSE AGREEMENT
LICENSE AGREEMENT
(COMMUNITY CENTER AND CENTRAL PARK)

THIS LICENSE AGREEMENT ("Agreement") is made this _____ day of __________, 2020 by and between the HOUSING AUTHORITY OF THE CITY OF LOS ANGELES, a public body, corporate and politic ("Licensor") and PRIMESTOR JORDAN DOWNS, LLC, a Delaware limited liability company ("Licensee;" together with Licensor, the "Parties").

Background

A. Licensor owns certain parcels of property in the Watts community of Los Angeles, including (i) Lot 11 shown on the lot map entitled “Tract No. 72805” filed in the records of Los Angeles County, California, on November 23, 2016, in Book 1394 of maps at pages 49 through 57 and any subsequently-recorded amended final maps, parcel maps, certificates of correction, lot-line adjustments and/or records of survey, including the Certificate of Compliance for Lot Line Adjustment recorded on December 8, 2016, as Document No. 20161557655 in the records of Los Angeles County, California (the “Community Center Site”), and (ii) Lots 10 and 12 shown on the unrecorded lot map entitled “Tentative Tract Map No. 82633” prepared by Debra V. Schales, RCE#43101, Fuscoe Engineering, dated May 1, 2019 (collectively, the “Central Park Site” and, together with the Community Center Site, the “Development Site”).

B. Licensor and Licensee entered into a Supplemental Agreement For Additional Services No. 2 for Jordan Downs Public Housing Community Redevelopment (Community Center and Central Park) dated _____________, 2020 (as may be amended, the “Supplemental Agreement”), in which Licensor and Licensee agreed that Licensee would develop a community center on the Community Center Site and related improvements on the Central Park Site (the “Project”) as part of the redevelopment of the Jordan Downs public housing project in the Watts community.

C. In order to develop the Project, Licensee requires access to the Development Site in order to perform the Scope of Work under the Supplemental Agreement (the “Work”).

D. Licensor wishes to grant a license to Licensee to access the Development Site to perform the Work, in accordance with the terms of this Agreement.

NOW, THEREFORE, in consideration of the foregoing recitals which are incorporated herein and the mutual covenants herein contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

1. Defined Terms. Capitalized terms used herein but not otherwise defined shall have the meaning set forth in the Supplemental Agreement.

2. Grant of License.

   (a) Upon Licensee’s satisfaction of the requirements in Section 3.1.1 of the Supplemental Agreement and subject to Licensee’s continuing satisfaction of such requirements,
Licensor hereby grants to Licensee, its agents, contractors and employees, a non-exclusive revocable, temporary license on, across, under and through the Development Site (the “License Property”) for the purpose of performing the Work (the “License”).

(b) Licensee acknowledges that the License is a non-exclusive license, and that Licensor has granted (and reserves the right to grant) other licenses to third parties across the License Property (the “Third Party Licensees”) to facilitate the larger Redevelopment. Licensee’s rights under this Agreement shall in all events be subject to Licensor’s coordination of access among Licensee and the Third Party Licensees. Licensee shall cooperate with Licensor’s efforts to coordinate access and shall accommodate Licensor’s requests from time to time to alter, delay, or modify the sequencing of its Work to permit access by a Third Party Licensee; provided, however, that should such an accommodation delay Licensee’s performance of the Work, Licensee shall promptly notify Licensor of the anticipated delay and, should Licensor continue to require the accommodation, Licensor shall extend the applicable timeframes under the Pre-Development Schedule or Development Schedule accordingly, on a day for day basis.

3. Term of License. The term of the License shall commence upon the date hereof and expire upon the earlier of (i) the completion of the Scope of Work under the Supplemental Agreement, (ii) termination of the Supplemental Agreement, or (ii) ________________ , 20_____.

4. Scope of Work. Licensee shall conduct the Work in accordance with the terms and conditions of the Supplemental Agreement. Upon the written request of Licensor, Licensee shall provide to Licensor a copy of any reports or studies generated in connection with the Work. The Work shall be carried out in accordance with any applicable Licensor mitigation and monitoring requirements.

5. Condition of Delivery and Return. Licensor grants, and Licensee accepts, this License to utilize the License Property in its “As Is, Where Is” condition. Licensee acknowledges that Licensor shall not be obligated to conduct any inspections or make any improvements to the License Property. Upon the expiration or earlier termination of this Agreement (other than in connection with the execution of the Ground Lease, Licensee shall surrender the License Property in a neat and clean condition, meaning that Licensee will remove any equipment, vehicles, trailers, containers, signs, litter, and/or debris, if any, brought on to the License Property during the term of this Agreement.

6. Permits and Governmental Approvals.

(a) Licensee, on its own or through its contractors or subcontractors (collectively, “Contractors”), at its sole cost, shall comply with all federal, state and local laws, statutes, orders, ordinances, rules, regulations, plans, policies and decrees and shall obtain and abide by any and all necessary federal, state and local permits, licenses, bonds and governmental approvals required for the lawful use of, and conduct of any and all activities on, the License Property (the “Permits and Approvals”). Licensee shall cause all Contractors to abide by any and all Permits and Approvals. No Permits or Approvals shall permanently and adversely encumber or affect the License Property. Consistent with the terms and conditions of this Agreement, Licensor agrees to permit Contractors to use the License Property provided that Licensee shall impose the requirements of this Agreement on each Contractor and Licensee shall
at all times be responsible for supervising, coordinating and policing Contractors and for ensuring that all Contractors comply with all of the terms and conditions of this Agreement.

(b) Use of the License Property by Licensee and Contractors shall comply and be in accordance with (i) any and all applicable Permits and Approvals, and any other applicable plans, development conditions and other applicable conditions and (ii) any environmental restrictions which are applicable to the License Property.

7. **Use; Restrictions on Use.**

(a) Licensee shall be responsible for the removal of all trash, debris and hazardous materials from the License Property brought onto the License Property by Licensee. Licensor shall have the reasonable right, but not obligation, to access and inspect the License Property and (without interrupting the use of the License Property) to observe conditions and to generally assess compliance with the terms and conditions of this Agreement.

(b) Licensee shall use, and shall cause Contractors to use, the License Property in such a manner as to not commit waste or environmental damage to the License Property or any adjacent land or waters.

(c) Licensee shall use, and shall cause any Contractors to use, commercially reasonable efforts to mitigate any other nuisance which might arise during use of the License Property. A nuisance would include anything illegal, objectionable or incompatible with the neighboring properties, including odors, noise, dust, trash, open fires, graffiti, hazards, or anything that would render any areas of the neighboring properties, whether interior or exterior, unpleasant or impossible to use and enjoy as intended. Licensee shall not allow the performance of the Work of the activities of any of the Contractors to interfere with the normal activities of the existing Jordan Downs public housing project or the residents thereof.

(d) The License granted herein is subject to all current easements, encumbrances, and liens of record on the License Property.

8. **Project Safety and Security.** Licensee shall be responsible for all safety and security measures for the License Property during performance of the Work.

9. **Default and Remedies.** Licensor shall have the right to terminate this Agreement if Licensee or Contractors fail to adhere to the terms and conditions of this Agreement where such failure (i) creates a hazard or nuisance, (ii) violates any federal, state, county or other local laws, (iii) jeopardizes any approval obtained by Licensor or its affiliates, or (iv) violates any of the other terms of this Agreement, provided that Licensee has been given written notice of the alleged failure and a reasonable opportunity to cure the failure. Licensor shall also have the right to immediately terminate this Agreement if Licensee shall default under the Supplemental Agreement or if the Supplemental Agreement shall be otherwise terminated. If Licensee defaults under any obligation under this Agreement, Licensor shall be entitled to exercise any of its remedies at law, including without limitation, its rights to obtain equitable relief.

10. **Notice.** Any notices required or permitted under this Agreement shall be given to the parties at their addresses as set forth in the Supplemental Agreement.
11. **Indemnification.** Licensee hereby agrees to protect, defend, indemnify, keep, save and hold Licensor, its commissioners, directors, officers, agents and employees harmless from and against all suits, claims, grievances, damages, costs, expenses, causes of action, judgments and/or liabilities, including costs of defense and reasonable attorneys’ fees arising out of or relating to any and all claims, liens, demands, obligations, actions, suits, judgments or settlements, proceedings or causes of action of every kind, nature and character (collectively “Claims”) arising from Licensee’s and/or its Contractors’ presence on the License Property and their obligations and responsibilities under this Agreement and/or the negligence, acts or omissions of Licensee, its respective officers, officials, agents, employees and Contractors, except to the extent caused by the gross negligence or willful misconduct of Licensor or its agents or employees. Upon notice from Licensor of any Claim, Licensee shall timely appear and defend, and if necessary cause its Contractors to appear and defend all suits and Claims and shall pay all costs and expenses incidental thereto, but Licensor shall have the right at its option and at its own expense, to participate in the defense of any suit, without relieving Licensee of any of its obligations hereunder.

12. **Liens.** Licensee shall keep the Development Site free from any liens arising out of any work performed, materials furnished or obligations incurred by or on behalf of Licensee or Licensee’s agents. If any such lien shall at any time be filed, Licensee shall cause the same to be discharged of record within thirty (30) days after knowledge by Licensee thereof by satisfying the same or, if Licensee in its discretion and good faith determines that such liens should be contested, by obtaining a bond. Licensee agrees to hold the Licensor harmless for any loss or expense, including reasonable attorneys’ fees and costs, arising from any such liens which might be filed against the License Property. The provisions of this Section 12 shall survive any termination of this Agreement.

13. **Insurance.** Licensee hereby agrees that it shall carry, and shall cause all Contractors to carry, the insurance required under the Supplemental Agreement.

14. **Binding Nature.** This Agreement does not constitute or create a lease, sale or easement in or of the Development Site. The recordation of this Agreement in the land records shall be strictly prohibited. If requested by Licensor, Licensee shall be required to execute further assurances that no rights other than those expressly granted in this Agreement have been created by this Agreement. Each Party will, whenever and as often as it shall be requested to do so by the other, cause to be executed, acknowledged or delivered any and all such further instruments and documents as may be necessary or proper, in the reasonable opinion of the requesting Party, in order to carry out the intent and purpose of this Agreement. The rights and obligations hereunder shall be binding on Licensee and Licensor and all of their respective heirs, executors, beneficiaries, transferees, successors and assigns.

15. **Licensor Non-Liability.** It is understood and agreed by the Licensee that the Licensor and its successors or assigns shall be held harmless and shall incur no liability with respect to Licensee and its employees, contractors, subcontractors or agents and any vehicles and personal property stored, maintained or placed upon the License Property or harm to persons or property on or about the License Property unless due to the gross negligence or willful misconduct of the Licensor.


16. **Assignment.** This Agreement shall not be assigned by Licensee, and any attempted assignment by Licensee shall be void.

17. **Interpretation; Entire Agreement.** Any rule of construction to the effect that ambiguities are to be resolved against the drafting Party shall not apply in interpreting this Agreement. This Agreement and the Supplemental Agreement contain the entire agreement between the Licensor and the Licensee with respect to the License Property. There are merged herein all prior and collateral representations, promises, and conditions in connection with the subject matter hereof. Any representations, promises or conditions not incorporated herein shall not be binding upon either Party.

18. **Waiver.**

(a) No waiver of a breach, failure of any condition, or any right or remedy contained in or granted by the provisions of this Agreement shall be effective, unless executed in writing and signed by the Party making the waiver.

(b) No waiver of any provision of this Agreement shall be deemed, or shall constitute, a waiver of any other provision, whether or not similar, nor shall any such waiver constitute a continuing or subsequent waiver of the same provision.

(c) Failure of either Party to enforce any provision of this Agreement shall not constitute a waiver of the right to compel enforcement of the remaining provisions of this Agreement.

19. **Time is of the Essence.** Time is of the essence in the performance of every covenant and obligation under this Agreement.

20. **Attorneys’ Fees.** The prevailing Party in any action to enforce this Agreement shall not be entitled to recover reasonable attorneys’ fees and costs from the other Party (including fees and costs in any subsequent action or proceeding to enforce or interpret any judgment entered pursuant to an action on this Agreement). Each Party shall bear its own costs and fees.

21. **Severability.** If any one or more of the sentences, clauses, paragraphs or sections contained herein is declared invalid, void or unenforceable by a court of competent jurisdiction, the same shall be deemed severable from the remainder of this Agreement and shall not affect, impair or invalidate any of the remaining sentences, clauses, paragraphs or sections contained herein.

22. **Conflict of Interests.** No member, official or employee of the Licensor shall have any personal interest, direct or indirect, in this Agreement nor shall any such member, official or employee participate in any decision relating to the Agreement which affects his or her personal interests or the interests of any corporation, partnership or association in which he, or she is directly or indirectly, interested.

23. **Warranty against Payment of Consideration for License.** The Licensee warrants that it has not paid or given, and will not pay or give, any third party any money or other consideration for obtaining this License; provided, however, the Licensor acknowledges that
Licensee has retained legal counsel and consultants in connection with this License, and agrees that such arrangements are not a violation of this Section.

24. **Non-liability of Officials, Officers, Members and Employees.** No member, official, officer, or employee of the Licensor shall be personally liable to the Licensee, or any successor in interest, in the event of any default or breach by the Licensor or for any amount which may become due to the Licensee or to his successor, or on any obligations under the terms of this Agreement.

25. **Effect of Legal Judgments.** Should any covenant, condition, or provision herein contained be held to be invalid by final judgment in any court of competent jurisdiction, the invalidity of such covenant, condition, or provision shall not in any way affect any other covenant, condition, or provision herein contained.

26. **Authority.** The persons executing this Agreement on behalf of the Parties hereto warrant that they are duly authorized to execute this Agreement on behalf of the applicable Party.

27. **No Third Party Beneficiary or Joint Venture.** The Parties to this Agreement do not intend to create rights in or grant remedies to any third party as a beneficiary of this Agreement or of any duty, covenant, obligation, or undertaking established under this Agreement. The Parties agree that no joint venture undertaking is created by this Agreement.

28. **Miscellaneous Provisions.** Any subsequent amendment to this Agreement shall be valid only if exercised in writing and signed by the parties hereto or their heirs, legal representatives, successors or assigns. As used in this Agreement, the singular shall include the plural, the plural the singular, and the use of any genders shall be applicable to all genders. The captions of this Agreement are inserted only for the purpose of convenient reference and in no way define, limit, or prescribe the scope or intent of this Agreement or any part thereof. This Agreement shall be construed and enforced under the substantive laws of the State of California and the parties hereto consent to the jurisdiction of the United States District Court for the Southern District of California or the appropriate court in the State of California with respect to any litigation concerning this Agreement.

29. **Counterparts; Delivery.** This Agreement may be executed in two or more counterparts. Provided such counterparts, taken together, include the signatures of all parties hereto, such counterparts, taken together, shall have the same force and effect as a single fully-executed counterpart of this Agreement. This Agreement may be executed and delivered by facsimile or electronic mail.

[SIGNATURE PAGE FOLLOWS]
IN WITNESS WHEREOF, the parties hereto have signed this Agreement as of the day and year first above written.

LICENSED:

HOUSING AUTHORITY OF THE CITY OF LOS ANGELES

By: _______________________
Name: Douglas Guthrie
Its: President and Chief Executive Officer

LICENSEE:

PRIMESTOR JORDAN DOWNS, LLC,
a Delaware limited liability company

By: Primestor JD Manager, LLC,
a Delaware limited liability company,
Its Manager

By:  Primestor DevOp, LLC,
a California limited liability company,
Its Manager

By: _____________________________
Arturo Sneider, Manager