
OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY

REGULAR MEETING AGENDA NOVEMBER 1, 2016 3:30 P.M.

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

Addressing the Oversight Board:

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

Americans with Disabilities Act:

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

Agendas and other writings:

- ▶ *In compliance with Government Code Section 54957.5(b), staff reports and other public records permissible for disclosure related to open session agenda items are available at City of Industry City Hall, 15625 East Stafford Street, Suite 100, City of Industry, California, at the office of the Secretary of the Oversight Board during regular business hours, Monday through Friday, 9:00 a.m. to 5:00 p.m. Agendas are available on the City of Industry website: www.cityofindustry.org.*
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1. Call to Order
 2. Flag Salute
 3. Roll Call
-

4. Public Comments

5. **OVERSIGHT BOARD MATTERS**

- 5.1 Consideration to ratify the execution of the Local Agency Biennial Notice concerning the Oversight Board's Conflict of Interest Policy.

RECOMMENDED ACTION: Ratify the execution of the Biennial Notice concerning the Oversight Board's Conflict of Interest Policy.

- 5.2 Presentation and discussion of the status report identifying the inventory of properties, projected cash flow for projects to be funded by other funds, and the project summary.

RECOMMENDED ACTION: Receive and file the report.

- 5.3 Consideration of Resolution No. OB 2016-23- A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY, THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF INDUSTRY, APPROVING THE CONTRACT FOR EXTENSION OF ELECTRIC DISTRIBUTION LINE BY AND BETWEEN THE SUCCESSOR AGENCY AND THE INDUSTRY PUBLIC UTILITY COMMISSION.

RECOMMENDED ACTION: Adopt Resolution No. OB 2016-23.

- 5.4 Consideration of Resolution No. OB 2016-26 - A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY, THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF INDUSTRY, APPROVING AND AUTHORIZING THE EXECUTION OF A PURCHASE AND SALE AGREEMENT FOR THE SALE AND DISPOSITION OF CERTAIN REAL PROPERTY LOCATED AT 13530 NELSON AVENUE.

RECOMMENDED ACTION: Adopt Resolution No. OB 2016-26.

- 5.5 Update and discussion on the Tres Hermanos Property.

6. Adjournment. The next regular Oversight Board meeting will be on Tuesday, December 6, 2016 at 3:30 p.m.

*OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE
INDUSTRY URBAN-DEVELOPMENT AGENCY*

ITEM NO. 5.1



CLIENT MEMORANDUM

TO: OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY

FROM: VARNER & BRANDT LLP

SUBJECT: TRANSMITTAL OF NOVEMBER 1, 2016 OVERSIGHT BOARD MEETING AGENDA ITEM #5.____

DATE: OCTOBER 27, 2016

The following memorandum provides the members of the Oversight Board (“Oversight Board”) to the Successor Agency to the Industry Urban-Development Agency (“Successor Agency”) with pertinent information in order for each Board Member to make an informed decision on the matters before the Oversight Board.

Agenda Item No.: 5.1

Subject: Determine that No Change is Needed to the Oversight Board’s Conflict of Interest Code. Review and consideration by the Oversight Board of the need for any change to the Oversight Board’s Conflict of Interest Code.

Application: Section 87306.5 of the Government Code requires the Oversight Board, as a local agency, to review its Conflict of Interest Code biennially and if a change is necessary, the Oversight Board must submit an amended Conflict of Interest Code to the City of Industry, as the Oversight Board’s code reviewing body. If no change is required, a written statement to that effect must be given to the City of Industry.

At the September 29, 2016 Oversight Board meeting, the Oversight Board reviewed its Conflict of Interest Code and determined that no change was needed and no formal action was taken. The Oversight Board requested the inclusion of this matter at the next Oversight Board meeting to formally confirm the Oversight Board’s determination that no change is needed to the Conflict of Interest Code and to ratify and affirm the submission of the written statement to the City of Industry confirming the same.



Attachment A
Conflict of Interest Code

RESOLUTION NO. OB 2016-27

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY, THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF INDUSTRY, FINDING AND DETERMINING THAT NO CHANGES ARE NECESSARY TO THE OVERSIGHT BOARD'S CONFLICT OF INTEREST CODE

WHEREAS, the successor agency to the Industry Urban-Development Agency was formed in accordance with California Health and Safety Code Section 34173 (“Successor Agency”); and

WHEREAS, the Oversight Board (“Oversight Board”) of the Successor Agency has been established pursuant to California Health and Safety Code Section 34179; and

WHEREAS, pursuant to California Health and Safety Code Section 34179(e), the Oversight Board is deemed to be a local entity for purposes of California Government Code Section 81000 et seq. (“Political Reform Act”); and

WHEREAS, pursuant to Section 87300 of the Political Reform Act, local government agencies must adopt a conflict of interest code (“Conflict of Interest Code”); and

WHEREAS, pursuant to Section 87303 of the Political Reform Act, the Conflict of Interest Code must be approved by a code reviewing body, and pursuant to Government Code Section 82011(b), and consistent with an opinion letter from the California Fair Political Practices Commission (“FPPC”) to the League of California Cities, dated April 25, 2012, the code reviewing body for a local government agency, like the Oversight Board, is the City Council of the City of Industry; and

WHEREAS, the FPPC regulations implementing the Political Reform Act are contained in the California Code of Regulations, Title 2, Division 6 (Sections 18110-18997) (“Regulations”) and include the terms of a standard Conflict of Interest Code; and

WHEREAS, on August 7, 2012, the Oversight Board approved and adopted a Conflict of Interest Code, which incorporated by reference the terms of the FPPC standard Conflict of Interest Code and any amendments to the Regulations duly adopted by the FPPC; and

WHEREAS, Section 87306.5 of the Government Code requires the Oversight Board to review its Conflict of Interest Code and if a change is necessary, to submit an amended Conflict of Interest Code to the City of Industry, as the Oversight Board’s code reviewing body. If no change is required, a written statement to that effect shall be given to the City of Industry; and

WHEREAS, at the September 29, 2016 Oversight Board meeting, the Oversight Board reviewed the Conflict of Interest Code and took no action;

WHEREAS, the Oversight Board provided a written statement to the City of Industry that no changes to the Conflict of Interest Code were required;

WHEREAS, the Oversight Board desires to formally find and determine that no changes to the Conflict of Interest Code are necessary and to ratify and affirm the submission to the City of Industry of the written statement confirming the same; and

WHEREAS, California Health and Safety Code Section 34179(e) requires the Oversight Board to adopt resolutions for any action taken by the Oversight Board.

NOW, THEREFORE, BE IT RESOLVED by the Oversight Board as follows:

Section 1. **No Changes to Conflict of Interest Code.** The Oversight Board hereby finds and determines that no changes are needed to the Oversight Board's Conflict of Interest Code.

Section 2. **Ratification of Notice to City of Industry.** The Oversight Board hereby ratifies and affirms the written statement to the City of Industry that no changes to the Conflict of Interest Code are required.

Section 3. **Delivery to the California Department of Finance.** The Oversight Board hereby authorizes and directs the Secretary of the Oversight Board to electronically deliver a copy of this resolution to the California Department of Finance in accordance with California Health and Safety Code Section 34179(h).

Section 4. **Other Actions.** The Oversight Board hereby authorizes and directs the Chairman, Vice Chairman and/or Secretary of the Oversight Board, jointly and severally, to do any and all things and to execute and deliver any and all documents which they may deem necessary or advisable in order to effectuate the purposes of this resolution, and such actions previously taken by such officers are hereby ratified and confirmed.

Section 5. **Effect.** This Resolution shall take effect in accordance with California Health and Safety Code Section 34179(h).

PASSED, APPROVED AND ADOPTED by the Oversight Board at a duly noticed meeting of the Oversight Board held on November 1, 2016, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

By: _____
Santos H. Kreimann, Chairman
Oversight Board of the Successor Agency
to the Industry Urban-Development Agency

ATTEST:

Diane M. Schlichting, Secretary
Oversight Board of the Successor Agency
to the Industry Urban-Development Agency

*OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE
INDUSTRY URBAN-DEVELOPMENT AGENCY*

ITEM NO. 5.2



SUCCESSOR AGENCY TO THE
INDUSTRY URBAN - DEVELOPMENT AGENCY

STAFF REPORT

Date: November 1, 2016

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

Prepared by: Dean Yamagata - Frazer, LLP

Via: Susan Paragas, Director of Finance

Subject: Financial Reports

RECOMMENDATION

Receive and file

Below is summary of the status reports and changes from the prior Oversight Board meeting held in August 2016.

Pages 6-8 Exhibit 1 Inventory of Properties

Exhibit 1 shows the inventory of properties in the Long Range Property Management Plan and the ultimate disposition of the properties.

Properties being sold to 3rd parties

Property nos. 1, 5, 17, 30, 31, 32, 35 and 58 (highlighted in blue) are currently in escrow and the estimated closing dates will be the late 2016. Agreement for property no. 34 is being drafted.

Property nos. 29, 40, 41 and 43 are listed for sale (highlighted in white).

Summary of sales of properties to third parties:

Sold to third parties	\$ 53,269,451.54
Currently in Escrow	\$ 71,292,760.00
Agreements being drafted	\$ 14,350,000.00

\$138,912,211.54

Properties being sold to the City of Industry

Property nos. 20 and 59 are currently in escrow and are expected to close in the last quarter of 2016. The City of Industry will be making an offer to purchase the remaining properties as indicated on Exhibit 1.

Summary of sales of properties to the City of Industry:

Sold to the City	\$ 19,707,910.29
Sold to the City currently in escrow	\$ 7,950,000.00
City offered to purchase	\$ 46,621,000.00
	<u>\$ 74,278,910.29</u>

Pages 9-11 Exhibit 2 Project Summary Report Through September 22, 2016

Exhibit 2 has been updated to reflect total expenditures of \$418,984 spent on projects and other costs for the period August 25, 2016 through September 22, 2016.

		Total Estimated Cost From January 2012 To Completion Of Projects	Amended Contract Amount	Total All Payments January 2012 to September 22, 2016	Project Complete	Remaining Amount Of Estimated Project Costs To Spend Per Amended Contract
Projects To Be Funded From Other Available Funds						
Landscaping Baker Parkway Slopes MP 99-31 # 61	Ongoing until property is sold	\$ 2,294,678.69	\$ 2,294,678.69	\$ 2,065,658.51	\$ (7,906.22)	\$ 221,113.96
Diamond Bar Creek MP 99-31 # 26	Estimated Completion - Summer 2018	9,247,265.28	7,783,535.70	7,180,495.62	(\$855.00)	2,066,914.66
Industry Business Center MP 99-31 # 16	Estimated Completion - Summer 2019	211,911,593.13	81,348,056.83	77,629,106.26	-	134,282,486.87
Industry East Traffic Mitigation MP 99 - 31 # 65	Estimated Completion - 2020	4,322,488.54	612,134.54	121,134.46	-	4,201,354.08
City / Agency Reimbursement Agreement		34,139,469.00	-	34,139,469.00	-	-
Total Projects To Be Funded From Other Available Funds		<u>\$ 261,915,494.64</u>	<u>\$ 92,038,405.76</u>	<u>\$ 121,135,863.86</u>	<u>\$ (13,761.22)</u>	<u>\$ 140,765,869.56</u>
Projects To Be Funded From Bond Proceeds						
Lemon Ave Interchange at Route 60 MP 3 - 10	Estimated Completion - Summer 2017	\$ 9,744,782.98	\$ 2,419,760.54	\$ 2,243,041.60	\$ -	\$ 7,501,741.39
Route 57/60 Confluence Project MP 99 - 31 # 22	Estimated Completion - Summer 2018	24,024,754.36	14,144,863.84	6,719,447.67	(3,114,526.18)	14,190,780.51
Westbound Slip On-Ramp 57/60 MP 99-31 #22A	Estimated Completion - Late 2017	8,865,902.78	6,408,669.14	2,266,503.93	-	6,599,398.85
Total Projects To Be Funded From Bond Proceeds		<u>\$ 42,635,440.12</u>	<u>\$ 22,973,293.52</u>	<u>\$ 11,228,993.20</u>	<u>\$ (3,114,526.18)</u>	<u>\$ 28,291,920.75</u>
Total All Projects		<u>\$ 304,550,934.76</u>	<u>\$ 115,011,699.28</u>	<u>\$ 132,364,857.05</u>	<u>\$ (3,128,287.40)</u>	<u>\$ 169,057,790.31</u>

Pages 12-15 Exhibit 3 Budget vs Actual Expenditures ROPS 16-17A Period July 1, 2016 to December 31, 2016

Exhibit 3 shows the comparison period to date actual expenditures versus the approved amount in ROPS 16-17A period for the six months ended December 31, 2016. Below is a summary of the expenditures.

Chairman and Members of the Oversight Board
November 1, 2016

Successor Agency To the Industry Urban-Development Agency
Budget vs. Actual Disbursements Comparison ROPS 16-17A
Summary Report
July 1 Through December 31, 2016

Exhibit 3

Payee	ROPS Line Item	Project #	Estimated Project Expenditures Approved On ROPS 16-17A	Actual Disbursements Paid During the Period	Remaining Amount Of Estimated Project Expenditures Budgeted For The Period
			Period July 1 to December 31, 2016	Period July 1 to September 22, 2016	Period July 1 to December 31, 2016
Projects To Be Funded From Other Available Funds					
Landscaping Baker Parkway Slopes		MP 99 31 #61	\$ 107,100.00	\$ 48,814.09	\$ 58,285.91
Diamond Bar Creek		MP 99-31 #26	1,098,200.00	48,117.01	1,050,082.99
Industry Business Center		MP 99-31 #16	38,383,921.00	654,981.77	37,728,939.23
Industry East Traffic Mitigation		MP 99-31 #65	1,063,400.00	2,007.64	1,061,392.36
City / Agency Reimbursement Agreement			-	-	-
Total Projects To Be Funded From Other Available Funds			\$ 40,652,621.00	\$ 753,920.51	\$ 39,898,700.49
Projects To Be Funded From Bond Proceeds					
Lemon Ave Interchange at Route 60		MP 03-10	6,313,000.00	37,492.10	6,275,507.90
Route 57/60 Confluence Project		MP 99-31 #22	6,446,000.00	60,966.86	6,385,033.14
Westbound Slip On- Ramp 57/60		MP 99-31 #22a	7,081,000.00	-	7,081,000.00
Total Projects To Be Funded From Bond Proceeds			\$ 19,840,000.00	\$ 98,458.96	\$ 19,741,541.04
Administration			779,000.00	272,414.86	506,585.14
General Insurance	263		-	48,282.00	(48,282.00)
Property Maintenance 01-01-2016 through 06-30-2016	269		527,250.00	-	527,250.00
Appraisal Fees	282		-	-	-
Total All Expenditures			\$ 61,798,871.00	\$ 1,173,076.33	\$ 60,625,794.67

Pages 16-17 Exhibit 4 and 5 Projected Cash Flows October 1, 2016 to June 30, 2019

Attached are Exhibits 4 and 5 which are the cash flow details and cash flow summary schedules by ROPS period. I have estimated approximately \$79.6 million of combined excess funds after funding all the estimated project costs which could be used to redeem the Successor Agency bonds or be available to be distributed to the other taxing entities. We assumed that the Successor Agency will obtain approval from the Oversight Board and the DOF allowing other fund sources to pay for the estimated shortfall of \$3.3 million on the projects to be funded by bond proceeds. In addition the cash flow does not include a sales price for the IBC or the Grand Crossing projects as Majestic Realty is leasing the property from the Successor Agency and they have the first right to purchase the property and discussions with Majestic are in progress at this time.

The cash flow schedules have assumed the following parameters:

- 1) Starting point using cash and investment amounts at 9/30/2016
- 2) Project costs from Exhibit 2 of OB financial report remaining to be spent at 10/1/2016 based upon estimates from CNC Engineering
- 3) Tres Hermanos Ranch being sold to the City for \$41,650,000
- 4) Property #'s 2, 29, 34, 46 and 72 we used estimated values from the outside consultant in 2014. These amounts were based upon property being sold for commercial/industrial buildings. See schedule in number 5 below.
- 5) Property #'s 14, 15, 22, 23, 47 we have not estimated a sales price at this time.
- 6) No sales price for IBC (#40) and Grand Crossing (#41) as Majestic Realty is leasing both properties and have first right to purchase the property. Discussions with Majestic Realty are in progress.
- 7) Rental income receipts has been estimated through June 2018 assuming that the Grand Crossing property is not sold prior do that date.
- 8) Collections on the notes receivable due from Grand Central Recycling and PH Diversified are assuming that monthly payments are being made timely and no early payoff of the note balances. Notes are mature in May and June 2022.

Chairman and Members of the Oversight Board November 1, 2016

Successor Agency to the IUDA Projected Cash Flow For Projects

October 1, 2016 to June 30, 2019		10/1/16 to 12/31/16 Property Sales	1/1/17 to 6/30/17 Property Sales	Totals
Net Proceeds From Property Sales		\$ 139,213,759.71	\$ 42,730,000.00	\$ 181,943,759.71
Future Estimated Project Costs and Income				
IBC Project Costs To Be Spent				
ROPS 16-17A	10/1/16 to 12/31/2016	(7,109,394.57)		
ROPS 16-17B	1/1/17 to 6/30/17	(41,840,201.00)		
ROPS 17-18A	7/1/17 to 12/31/17	(33,344,000.00)		
ROPS 17-18B	1/1/18 to 6/30/18	(15,856,055.00)		
ROPS 18-19A	7/1/17 to 12/31/18	(19,985,304.00)		
ROPS 18-19B	1/1/18 to 6/30/19	(17,129,361.00)		
Estimated remaining project costs to be spent IBC			(135,264,315.57)	(135,264,315.57)
Other Project Costs To Be Spent				
Landscaping Baker Parkway Slopes		(940,513.38)		
Diamond Bar Creek		(2,112,603.99)		
Industry East Traffic Mitigation		(3,819,233.55)		
Estimated remaining project costs to be spent Other Projects			(6,872,350.92)	(6,872,350.92)
Estimated excess cash generated from rental income and notes receivable collections 10/1/2016 to 6/30/2019			17,539,306.58	17,539,306.58
Beginning cash balances at 9/30/2016		25,553,659.11		25,553,659.11
Estimated excess funds		<u>\$ 40,170,058.91</u>	<u>\$ 42,730,000.00</u>	<u>\$ 82,900,058.91</u>
Projects To Be Funded By Bond Proceeds:				
Lemon Ave Interchange at Route 60 MP 3 - 10		(7,839,501.82)		
Route 57/60 Confluence Project MP 99 - 31 # 22		(14,463,877.66)		
Westbound Slip On-Ramp 57/60 MP 99-31 #22A		(6,610,466.85)		
Estimated remaining project costs to be spent on projects to be funded by bond proceeds			\$ (28,913,846.33)	(28,913,846.33)
Beginning cash balances at 9/30/2016		25,651,102.18		25,651,102.18
Estimated shortfall of funds		<u>\$ (3,262,744.15)</u>		<u>\$ (3,262,744.15)</u>
Estimated excess funds - combined		<u>\$ 36,907,314.76</u>	<u>\$ 42,730,000.00</u>	<u>\$ 79,637,314.76</u>

Fiscal Impact

There is no fiscal impact as result of this action.

SUCCESSOR AGENCY TO THE IUDA
LONG RANGE PROPERTY MANAGEMENT PLAN
INVENTORY OF PROPERTY
DISPOSITION STATUS

Legend:

	Completed sale to third party
	Currently In Escrow or Agreements being drafted sold to third party
	To Be Sold
	Transferred to City of Industry at no cost
	Completed sale to the City of Industry
	City Offered to purchase
	Conveyance of property to Caltrans for West Bound Off Ramp taken from IBC property


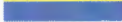




Exhibit 1

No.	Property Type	Address	Permissible Use	Permissible Use Detail	Acquisition Date	Value at Time of Purchase	Estimate of Current Parcel Value	Date of Estimated Current Value	APN #	Lot Size	Oversight Board Resolution # Approval	Completed Sales Transaction (Net Sales Proceeds)	Currently In Escrow	Agreements	City Offered To Purchase (Estimated Values)	Estimated Date For Escrow To Close	Sales Date	Buyer
1	vacant/industrial	393 Hacienda	for sale	industrial per zoning code	Nov-05	17.77 mill.	6.6 mill.	Apr-13	8208-027-913	9.5 ac.	2016-12			\$ 14,350,000.00		Late 2016		IW Investments, LLC
2	vacant/industrial bldg.	393 Turnbull	for sale	industrial per zoning code	Dec-10	8,944 mill.	4.98 mill.	Apr-13	8208-014-900	6.63 ac.				Agreement				
3	industrial bldg.	300 Baldwin Park Blvd	for sale	industrial per zoning code	Dec-07	17.0 mill.	Sold		8563-003-905	10.68 ac.	2012-15	\$ 7,801,748.30					3/21/2013	Baldwin Park Industrial Developers, LLC
4	industrial bldg.	17370 Gale	for sale	Auto zone-new car dealership	Jul-09	7.45 mill.	1.72 mill.	Apr-13	8264-001-945	1.32 ac.	2014-26	\$ 1,519,303.40					5/20/2015	Peninsula Property Holdings, LLC
5	industrial bldg.	19855 E Walnut	for sale or lease	industrial per zoning code	Jan-08	3.9 mill.	1.878 mill.	Apr-13	8760-009-900	1.95 ac.	2016-20		\$ 4,500,000.00			Late 2016		Bluebird Investment, LLC
6		17651 Railroad St	for sale	industrial per zoning code	May-08	4.1 mill.	Sold		8264-011-901	3.05 ac.	2013-13	\$ 2,230,982.10					2/5/2014	Railroad Industrial Investors, LLC
7	vacant/industrial	14624 Nelson	for sale	industrial per zoning code	Dec-10	3.33 mill.	2.52 mill.	Apr-13	8208-006-902	4.13 ac.	2014-26						12/23/2015	General Equity Company, LLC - Property 7 & 8 Sales price
8	vacant/industrial	14700 Nelson	for sale	industrial per zoning code	Jul-10	6.1 mill.	4.49 mill.	Apr-13	8208-006-900 8208-006-901	7.36 ac.	2014-26	\$ 13,109,436.38					12/23/2015	General Equity Company, LLC - Property 7 & 8 Sales price
9	vacant/industrial	15000 Nelson	for sale	industrial per zoning code	m-2007	6.7 mill.	4.877 mill.	Apr-13	8208-011-902	6.22 ac.	2014-26	\$ 6,691,488.80					6/3/2015	Klema Enterprises, Inc.
10	vacant/industrial bldg.	13530 Nelson	for sale	convey to City at FMV	Dec-07	5.7 mill.	1.99 mill.	Apr-13	8562-016-901	2.08 ac.				\$ 2,720,000.00				
11	vacant/industrial	15130 Nelson	for sale	industrial per zoning code	Aug-08	3.95 mill.	1.955 mill.	Apr-13	8208-011-903	2.04 ac.	2014-26	\$ 2,368,479.50					6/25/2015	15130 Nelson, LLC
12	landscape area	15432 Nelson	for sale	convey to City at FMV	Dec-11	11.3 mill	0.834 mill	Apr-13	8208-024-906 8208-024-907	0.87 ac.				\$ 1,140,000.00				
13	vacant	2525 Workman Mill	retain for gov. use	convey to City at no cost	1983	.125 mill	.125 mill	Apr-13	8125-059-916	0.13 ac.	2014-12	NONE					6/3/2014	City of Industry
14	vacant/landscape area	SW corner Workman Mill & Crossroads	for sale	industrial per zoning code	1981	.183 mill	.805 mill	Apr-13	8120-027-270	0.84 ac.					Appraisal			
15	vacant/industrial	Crossroads PKY South	for sale	industrial per zoning code	1976	.77 mill	2.78 mill	Apr-13	8125-021-940 8125-021-941	3.55 ac.					Appraisal			
16	vacant/industrial	151 Long Lane	for sale	industrial per zoning code	Dec-10	1,465 mill.	1,292 mill.	Apr-13	8202-033-908	1.87 ac.	2014-26	\$ 2,043,354.90					6/11/2015	Brighton Collectibles
17	vacant/industrial	125 N. Orange	for sale	industrial per zoning code	May-04	19.5 mill.	2.89 mill.	Apr-13	8202-033-906	3.03 ac.	2016-19		\$ 5,000,000.00			Late 2016		Fox Luggage, Inc.
18	commercial office bldg.	111 Hudson	for sale	industrial per zoning code	Feb-05	4.0 mill.	1.75 mill.	Apr-13	8208-024-905	1.83 ac.	2015-08	\$ 2,791,057.00					10/14/2015	Northrop Grumman Systems Corporation
19	commercial office bldg.	150 Hacienda	for sale	existing bank building	39845	6.2 mill.	5.1 mill.	Apr-13	8208-025-951	.59 ac.	2016-07	\$ 5,086,310.00					4/28/2016	City of Industry
20	vacant/industrial	220 Hacienda	for sale	existing bank building	39845	1,475 mill.	0.937 mill.	Apr-13	8208-025-952	0.15 ac.	2016-08		\$ 1,850,000.00			Late 2016		City of Industry
21	vacant	244 Hacienda	for sale	gov. use per zoning code	29221	0.127 mill.	0.5096 mill.	Apr-13	8208-025-923	0.39 ac.	2016-09	\$ 3,596,420.00					6/7/2016	City of Industry
22	vacant	South of Stafford North of UPRR	for sale	gov. use per zoning code	Jan-79	2,869 mill.	2,689 mill.	Apr-13	8208-025-940	3.43 ac.					Appraisal			
23	office bldg.	15600 Stafford	for sale	gov. use per zoning code	Mar-05	1,195 mill.	1,882 mill.	Apr-13	8208-025-948	1.44 ac.					Appraisal			
24	small office bldg	15710 & 15718 Stafford	for sale	gov. use per zoning code	Jan-82	.025 mill.	0.144 mill. Or 1.0 mill.	Apr-13	8245-001-901 8245-001-914	0.41 ac.	2014-26	\$ 696,569.00					2/13/2015	Industry Security Services, Inc.
25	vacant/landscape area	South of Stafford west of Glendora	retain for gov. use	convey to City at no cost	Jan-99	.022 mill.	.022 mill.	Apr-13	8245-001-913	0.10 ac.	2014-12	NONE					6/3/2014	City of Industry
26	vacant/landscape area	South of UPRR West of Hacienda	retain for gov. use	convey to City at no cost	1982	.133 mill.	.133 mill.	Apr-13	8208-022-902 8208-022-903	0.61 ac.	2014-12	NONE					6/3/2014	City of Industry
27	vacant	South of UPRR East of Russell	retain for gov. use	convey to City at no cost	1982	.083 mill.	.083 mill.	Apr-13	8245-001-911	0.38 ac.	2014-12	NONE					6/3/2014	City of Industry
28	vacant/parking	East of Parriott Pl	for sale	gov. use per zoning code	1976	1.35 mill.	4.846 mill.	Apr-13	8208-027-911 8208-027-912	6.18 ac.	2014-26	\$ 8,523,372.16					11/19/2015	CT Parriott, LLC (CT Realty Corp.)
29	power plant	911 Bixby	for sale	existing power plant	Mar-01	12.5 mill.	8.0 mill.	Apr-13	8242-013-901	11.48 ac.								
30	vacant/commercial	East of Azusa North of Railroad	for sale	industrial per zoning code	Mar-2001 & Jun 2010	5,525 mill.	5,987 mill.	Apr-13	8264-025-903 8264-025-904 8264-025-914 8264-025-915 8264-025-917	10.11 ac.	2014-26	\$ 41,292,700.00				November-16		CT Chestnut, LLC (CT Realty Corp.) Sales price for Properties 30 & 31
31	vacant/commercial	17301-17301 Gale	for sale	commercial with zone change	Apr-05	38.8 mill.	18.8 mill.	Apr-13	8264-001-943 8264-001-944 8264-001-928	19.08 ac.	2015-03	\$ 15,000,000.00				Late 2016		RV Properties
32	vacant	17475 Gale	for sale	new car dealership per automobile zone	Jul-03	7.5 mill.	3.86 mill.	Apr-13	8264-001-942 8264-001-941	5.38 ac.	2015-04	\$ 5,493,000.00					7/31/2016	RV Properties
33	vacant/commercial	17545 Gale	for sale	new car dealership per automobile zone	39443	16.7 mill.	6.5 mill.	Apr-13	8264-012-919	5.99 ac.	2016-14	\$ 10,436,149.44					9/9/2016	City of Industry
34	vacant	17847 Gale	for sale	new car dealership per automobile zone	Jan-08	40.5 mill.	6.8 mill.	Apr-13	8264-013-913 8264-013-914 8264-012-923	6.25 ac.				Agreement				
35	remnant/cow	17728 Gale	for sale	new car dealership per automobile zone	Jan-04	40.5 mill.	4.4 mill.	Apr-13	8264-013-916	4.02 ac.	2015-18	\$ 4,500,000.00				Late 2016		Puerta Hills Automotive Services, Inc.
36	remnant	17439 Railroad	retain for gov. use	convey to City at no cost	2003	.422 mill.	.422 mill.	Apr-13	8264-004-907 8264-004-909	0.44 ac.	2014-12	NONE					6/3/2014	City of Industry
37	remnant	adjacent to Fairway	retain for gov. use	convey to City at no cost	2001	.144 mill.	.144 mill.	Apr-13	8760-028-270 8760-010-938 8760-010-935	0.15 ac.	2014-12	NONE					6/3/2014	City of Industry
38	remnant	West side of Fairway south of UPRR	retain for gov. use	convey to City at no cost	Dec-88	.12 mill.	.12 mill.	Apr-13	8760-028-903	0.55 ac.	2014-12	NONE					6/3/2014	City of Industry
39	vacant/industrial	800 feet east of Garcia Ln	retain for gov. use	convey to City at no cost	1982	.65 mill.	.65 mill.	Apr-13	8709-027-036	0.3 ac.	2014-12	NONE					6/3/2014	City of Industry
40	industrial/commercial	Ind. Bus. Center	for sale/leased to Majestic Realty	industrial/commercial per approved plans	1982 & 1983	27.632 mill.	26 mill.	Apr-13	8719-009-902,904,905,906 9 & 908 8719-007-920,921,922,906,907, 924,917 & 923	597.54 ac								

Legend:

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No.	Property Type	Address	Permissible Use	Permissible Use Detail	Acquisition Date	Value at Time of Purchase	Estimate of Current Parcel Value	Date of Estimated Current Value	APN #	Lot Size	Oversight Board Resolution # Approval	Completed Sales Transaction (Net Sales Proceeds)	Currently In Escrow	Agreements	City Offered To Purchase (Estimated Values)	Estimated Date For Escrow To Close	Sales Date	Buyer	
41	Industrial/commercial	Grand Crossing	for sale/leased to Majestic Realty	built out industrial/commercial	1980,1981 &1982	11.2 mill.	50 mill.	Apr-13	8709-008-021,022,023,024,025,026,027,028,029, &030 8709-006-004,005,006,003,007,008,001,002,010, & o12 8709-027-037,034 & 032 8709-028-014 8719-006-016,017,014,015,013,012,019 &020 8719-007-033,040,047,038,04804 2,043 &039	425 ac.									
43	YAL Building	841 7th Ave	for sale	gov. use per zoning code	Mar-99	1.6 mill.	0.632 mill.	Apr-13	8217-001-901	0.66 ac.	2014-26								
44	YAL Office	205 Hudson	retain for gov. use	convey to City at no cost	Jun-01	0.444 mill.	0.471 mill.	Apr-13	8208-024-900	0.5 ac.	2014-12	NONE					6/3/2014	City of Industry	
45	Heliport	15252 Stafford	for sale	gov. use per zoning code	1982	0.24 mill.	0.878 mill.	Apr-13	8208-025-939	1.12 ac.					\$ 111,000.00				
46	parking & common areas for parcels 19 & 20	NW & SW corners of Hacienda & Stafford	for sale	gov. use per zoning code	1982	0.12 mill.	combined w/ other parcels	Apr-13	8208-025-938 8208-025-941	0.57 ac.					Appraisal				
47	parking	15625 Stafford	for sale	gov. use per zoning code	Apr-75	0.076 mill.	combined w/ other parcels	Apr-13	8208-025-907, 908, 909 &926	5.5 ac.					Appraisal				
48	vacant	W side of Hacienda N of Stafford	for sale	gov. use per zoning code	2002	1.85 mill.	1.85 mill.	Apr-13	8208-025-937	1.415 ac. With #46 added					Appraisal				
49	Post Office & Fire Prevention	15660 Stafford	for sale	gov. use per zoning code	Nov-79	0.0519 mill.	3.6 mill.	Apr-13	8208-025-942	2.79 ac.					Appraisal				
50	vacant/parking	242 &244 Hacienda	for sale	gov. use per zoning code	40026	4.65 mill.	3.2 mill.	Apr-13	8208-025-954	2.46 ac.	2016-09	See #21					6/7/2016	City of Industry	
51	vacant/parking	N side of Stafford w of Glendora	for sale	gov. use per zoning code	1985	5.12 mill.	6.25 mill.	Apr-13	8208-025-943	5.74 ac.	2016-15	\$ 387,309.50					9/9/2016	City of Industry	
52	vacant landscape area	N side of Sotro w of Glendora	retain for gov. use	convey to City at no cost	1985	.52 mill.	.52 mill.	Apr-13	8208-025-944	0.92 ac.	2014-12	NONE					6/3/2014	City of Industry	
53	Convalescent Hospital	555 El Encanto	for sale	offer to City first	Dec-76	3.36 mill.	5.06 mill.	Apr-13	8208-027-901	5.02 ac.					\$ 875,000.00	Late 2016			
54	vacant	w side of Parriott	for sale	gov. use per zoning code	1978	1.9 mill.	6.12 mill.	Apr-13	8208-027-911 & 912	8.79 ac.					Appraisal				
55	Homestead Museum	15415 Don Julian	retain for gov. use	convey to City at no cost	1980	2.1 mill.	6.87 mill.	Apr-13	8208-027-906 &907	9.86 ac.	2014-12	NONE					6/3/2014	City of Industry	
56	vacant	NW &SW corners Don Julian & Hacienda	retain for gov. use	convey to City at no cost	1980	0.086 mill.	0.086 mill.	Apr-13	8208-027-909 &941	0.37 ac.	2014-12	NONE					6/3/2014	City of Industry	
57	Pump Station	747 Anaheim Puente	retain for gov. use	convey to City at no cost	1995	.28 mill.	1.25 mill.	Apr-13	8242-012-902	1.3 ac.	2014-12	NONE					6/3/2014	City of Industry	
58	vacant	17800 Chestnut	for sale	industrial per zoning code	Feb-02	13.43 mill.	12.28 mill.	Apr-13	8264-024-909, 918 &908	20.14 ac.	2014-26					July-16		CT Chestnut, LLC (CT Realty Corp.) Sales price for Properties 80 & 98, see property 80	
59	industrial bldg.	1123 Hatcher	for sale	industrial per zoning code	37500	2.717 mill.	2.414 mill.	Apr-13	8264-004-908	3.08 ac.	2016-13	13-2016	\$ 6,100,000.00			Late 2016		City of Industry	
60	vacant/row	1129 & 1135 Hatcher	for sale	industrial per zoning code	39783	3.55 mill.	1.79 mill.	Apr-13	8264-004-910 &911	1.87 ac.	2016-14	13-2016				Late 2016		Part of #59	
61	vacant/row	Auto Mall East	retain for gov. use	convey to City at no cost	2003	2.44 mill.	2.44 mill.	Apr-13	8264-013-912	0.89 ac.	2014-12	NONE					6/3/2014	City of Industry	
62	vacant	North side of Gale	retain for gov. use	convey to City at no cost	2003	.209 mill.	.209 mill.	Apr-13	8264-013-915	0.16 ac.	2014-12	NONE					6/3/2014	City of Industry	
63	vacant/row	south side of San Jose Creek	retain for gov. use	convey to City at no cost	1991	.182 mill.	.182 mill.	Apr-13	8760-023-913	0.19 ac.	2014-12	NONE					6/3/2014	City of Industry	
64		Metrolink Station - Parking Station									2012-03	NONE					6/5/2012	City of Industry	
65	Electrical Substation	208 Waddingham	for sale	convey to City at FMV of land	37653	0.931 mill.	3.0 mill.	Apr-13	8719-005-905	3.86 ac.	2016-16	\$ 201,721.35					9/9/2016	City of Industry	
66	vacant/industrial	Garcia Lane	for sale	gov. use per zoning code	1981	0.53 mill.	2.239 mill.	Apr-13	8709-027-039	2.43 ac.					\$ 125,000.00				
67	water well	south side of San Jose Creek	retain for gov. use	convey to City at no cost	1990	0.085 mill.	0.171 mill.	Apr-13	8719-004-906	0.28 ac.	2014-12	NONE					6/3/2014	City of Industry	
68	ranch	Grand Ave. Diamond Bar	for sale	entitlements through San Bernardino and Orange Counties	Nov-78	12.1 mill.	85-122 mill.	Apr-13	8701-021-271,8701-022-270 &273, 1000-011-19-0000, 20-0000, 21-0000,22-0000, 1000-021-13-0000 & 14-0000, 1000-031-14-0000 & 15-0000	2,450 ac.						\$ 41,650,000.00			
70	vacant industrial	804 Azusa/Anaheim Puente	industrial per zoning code	convey to City at no cost	Mar-01	3.2 mill.	3.22 mill.	Apr-13	8264-025-901, 906 &911	4.11 ac.	2014-13	NONE					6/3/2014	City of Industry	
71	vacant/row	adjacent to 22122 Valley	retain for gov. use	convey to City at no cost	2004	.12 mill.	.575 mill.	Apr-13	none	0.6 ac.	2014-12	NONE					6/3/2014	City of Industry	
72	Puente Basin Water rights	Puente Basin Water Rights	for sale	convey to City at FMV	1981	.30 mill.	.30 mill.	Apr-13	8242-015-058 thru 8719-004-012	NA									
73	Industrial/ Commercial	Ind. Bus. Center	retain for gov. use	convey to Caltrans at no cost	1982 &1983	0.001 mill.	0.012 mill.	Apr-13	part of 8719-007-922	0.01 ac.	2014-21	NONE					11/12/2014 DOF	conveyed to Caltrans at no cost	
74	Industrial/ Commercial	Ind. Bus. Center	retain for gov. use	convey to Caltrans at no cost	1982 &1983	0.007 mill.	0.154 mill.	Apr-13	part of 8719-007-922	0.15 ac.	2014-21	NONE					11/12/2014 DOF	conveyed to Caltrans at no cost	

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75	Industrial/ Commercial	Ind. Bus. Center	retain for gov. use	convey to Caltrans at no cost	1982 & 1983	0.003 mill.	0.080 mill.	Apr-13	part of 8719-007-922	0.08 ac.	2014-21	NONE					11/12/2014 DOF	conveyed to Caltrans at no cost	
76	Industrial/ Commercial	Ind. Bus. Center	retain for gov. use	convey to Caltrans at no cost	1982 & 1983	0.001 mill.	0.020 mill.	Apr-13	part of 8719-007-922	0.02 ac.	2014-21	NONE					11/12/2014 DOF	conveyed to Caltrans at no cost	
77	Industrial/ Commercial	Ind. Bus. Center	retain for gov. use	convey to Caltrans at no cost	1982 & 1983	0.096 mill.	2.207 mill.	Apr-13	part of 8719-007-917 & 8719-007-907	2.20 ac.	2014-21	NONE					11/12/2014 DOF	conveyed to Caltrans at no cost	
Totals												\$ 72,977,361.83	\$ 79,242,760.00	\$ 14,350,000.00	\$ 46,621,000.00				

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58	Industry Business Center MP 99-31 # 16																								
59																									
60	Placeworks	192	Professional Services																						
61	PBLA	193	Professional Services																						
62	Leighton Consulting	194	Professional Services																						
63	Leighton Consulting	195	Professional Services																						
64	CNC Engineering	196	Professional Services																						
65	CNC Engineering	197	Professional Services																						
66	Thomsen Engineering	198	Professional Services																						
67	Sage Environmental	199	Professional Services																						
68	MX Graphics	200	Miscellaneous																						
69	So Cal Sandbags	201	Improvement/Infrastructure																						
70	So Cal Edison	202	Improvement/Infrastructure																						
71	Verizon	203	Improvement/Infrastructure																						
72	So Cal Gas Co	204	Improvement/Infrastructure																						
73	Walnut Valley Water District	205	Improvement/Infrastructure																						
74	Ind Public Utilities	206	Improvement/Infrastructure																						
75	Time Warner Cable	207	Improvement/Infrastructure																						
76	San Gabriel Valley News Paper	208	Miscellaneous																						
77	First American Title Company	209	Professional Services																						
78	St Wtr Resources Cont Board	210	Fees																						
79	L A County Health Department	211	Fees																						
80	L A County Public Works	212	Fees																						
81	L A County Sewer Maint District	213	Fees																						
82	International Line Builders	214	Improvement/Infrastructure																						
83	MC Cain	215	Improvement/Infrastructure																						
84	Environs Landscape Arch	216	Professional Services																						
85	Contractor By Public Bidding	217	Improvement/Infrastructure																						
86	Contractor By Public Bidding	218	Improvement/Infrastructure																						
87	Kimley Horn & Assoc	219	Professional Services																						
88	Kimley Horn & Assoc	220	Professional Services																						
89	SCS Engineering	221	Professional Services																						
90	WKE, INC.	222	Professional Services																						
91	Bustko Engineering	223	Professional Services																						
92	Sukut Construction, LLC	267	Remedial Grading																						
93	C. A. Rasmussen Inc.	270	Mass Grading																						
94	Sukut Construction, LLC	271	Mass Grading																						
95	Regional water Quality		Fees																						
96	U S Bank (C A Rasmussen Acct)																								
97	International Line Builders	281																							
98	Contractor By Public Bidding	289																							
99	All American Asphalt	290																							
100	CASC Engineering & Consulting, LLC/ Retired	293																							
101																									
102																									
103	Industry East Traffic Mitigation MP 99 - 31 # 65																								
104																									
105	CNC Engineering	251	Professional Services																						
106	Geotechnical Consultant	252	Professional Services																						
107	RKA Consulting Group	253	Professional Services																						
108	Contractor by Public Bid	254	Professional Services																						
109	City Of Diamond Bar	275	Professional Services																						
110																									
111	City / Agency Reimbursement Agreement																								
112	City of Industry	277																							
113																									
114	Total Projects To Be Funded From Other Available Funds																								
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1		Successor Agency To the Industry Urban-Development Agency							
2		Budget vs. Actual Disbursements Comparison ROPS 16-17A							
3		Detail Report							
4		July 1 Through December 31, 2016							Exhibit 3
5									
6		Payee	ROPS Line Item	Project #	Total Outstanding ROPS Annual ROPS 16-17	Estimated Project Expenditures Approved On ROPS 16-17A	Estimated Project Expenditures Approved On ROPS 16-17B	Actual Disbursements Paid During the Period	Remaining Amount Of Estimated Project Expenditures Budgeted For The Period
7						Period July 1 to December 31, 2016	Period July 1 to December 31, 2017	Period July 1 to September 22, 2016	Period July 1 to December 31, 2016
8									
9		Projects To Be Funded From Other Available Funds							
10		Landscaping Baker Parkway Slopes		MP 99 31 #61					
11		CNC Engineering	99		35,000.00	\$ 15,000.00	\$ 15,000.00	\$ 3,919.09	\$ 11,080.91
12		Environs Landscape Architecture	100		16,000.00	6,000.00	6,000.00	1,845.00	4,155.00
14		Kasa Construction, Inc.	102					-	-
27		Marina Landscape, Inc.	276		172,200.00	86,100.00	86,100.00	43,050.00	43,050.00
28		San Gabriel Valley Newspaper	158, 208					-	-
30		Total Landscaping Baker Parkway Slopes			\$ 223,200.00	\$ 107,100.00	\$ 107,100.00	\$ 48,814.09	\$ 58,285.91
31									
32		Diamond Bar Creek		MP 99-31 #26					
33		CNC Engineering	148		400,000.00	300,000.00	100,000.00	1,197.01	298,802.99
34		Thomsen Engineering	149		184,000.00	125,000.00	59,000.00	-	125,000.00
35		Leighton Consulting	150		180,000.00	125,000.00	55,000.00	-	125,000.00
36		Regional Water Quality Control	151		20,000.00	10,000.00	10,000.00	-	10,000.00
37		Army Corp Engineers	152		1,000.00	1,000.00		-	1,000.00
38		Calif Dept of Fish & Game	153		10,000.00	10,000.00		-	10,000.00
39		State Water Resources Cont Board	154		12,000.00	12,000.00		-	12,000.00
40		MX Graphics	155		6,500.00	6,500.00		-	6,500.00
41		Brown & Brown Ins	156		25,000.00			-	-
42		City of Industry Disposal	157					-	-
43		San Gabriel Valley Newspaper	158		1,800.00	1,200.00	600.00	-	1,200.00
44		LA County Health Dept	159		3,500.00	1,500.00	1,500.00	-	1,500.00
45		So Calif Edison	160		50,000.00	50,000.00		-	50,000.00
46		Walnut Valley Water District	161		30,000.00	30,000.00		-	30,000.00
47		LA City Sewer Maint District	162		20,000.00	20,000.00		-	20,000.00
48		PBLA	163					-	-
49		Native Grow Nursery	164					-	-
50		Contractor - by public bidding	165		1,085,921.00	300,000.00	785,921.00	-	300,000.00
51		Sage Environmental	166		75,000.00	50,000.00	25,000.00	46,920.00	3,080.00
52		WKE, Inc	167		56,000.00	56,000.00		-	56,000.00
53		H & H Contractors	266					-	-
54		Total Diamond Bar Creek			\$ 2,160,721.00	\$ 1,098,200.00	\$ 1,037,021.00	\$ 48,117.01	\$ 1,050,082.99
55									

A	B	C	D	E	F	G	Z	AA
1	Successor Agency To the Industry Urban-Development Agency							
2	Budget vs. Actual Disbursements Comparison ROPS 16-17A							
3	Detail Report							
4	July 1 Through December 31, 2016							
5	Exhibit 3							
6	Payee	ROPS Line Item	Project #	Total Outstanding ROPS Annual ROPS 16-17	Estimated Project Expenditures Approved On ROPS 16-17A	Estimated Project Expenditures Approved On ROPS 16-17B	Actual Disbursements Paid During the Period	Remaining Amount Of Estimated Project Expenditures Budgeted For The Period
7					Period July 1 to December 31, 2016	Period July 1 to December 31, 2017	Period July 1 to September 22, 2016	Period July 1 to December 31, 2016
56								
57	Industry Business Center		MP 99-31 #16					
58	The Planning Center	192		20,000.00	20,000.00		-	20,000.00
59	PBLA Engineering	193		600,000.00	500,000.00	100,000.00	94,256.56	405,743.44
60	Leighton Consulting	194		2,300,000.00	900,000.00	900,000.00	26,873.90	873,126.10
61	Leighton Consulting	195		-			-	-
62	CNC Engineering	196		3,200,000.00	1,400,000.00	1,400,000.00	249,398.94	1,150,601.06
63	CNC Engineering	197		1,262,016.00	150,000.00	150,000.00	-	150,000.00
64	Thomsen Engineering	198		45,000.00	35,000.00	10,000.00	-	35,000.00
65	Sage Environmental	199		80,000.00	60,000.00	20,000.00	-	60,000.00
66	MX Graphics	200		15,000.00	8,000.00	7,000.00	3,108.33	4,891.67
67	So Cal Sandbags	201		200,000.00	100,000.00	100,000.00	-	100,000.00
68	So Cal Edison	202		3,031,000.00	3,031,000.00		-	3,031,000.00
69	Verizon	203		694,080.00	694,080.00		-	694,080.00
70	So Cal Gas Co	204		1,041,420.00	1,041,420.00		-	1,041,420.00
71	Walnut Valley Water District	205		16,063,200.00	10,000,000.00	6,063,200.00	-	10,000,000.00
72	Ind Public Utilities	206		-			-	-
73	Time Warner Cable - Not Approved by DOF	207					-	-
74	San Gabriel Valley Newspaper	208		6,000.00	4,000.00	2,000.00	-	4,000.00
75	First American Title Company	209		14,000.00	5,000.00	9,000.00	-	5,000.00
76	St Wtr Resources Cont Board	210		25,000.00	12,000.00	12,000.00	914.00	11,086.00
77	L A County Health Department	211		4,000.00	1,500.00	2,500.00	-	1,500.00
78	L A County Dept Public Works	212		85,000.00	40,000.00	40,000.00	1,557.00	38,443.00
79	L A City Sewer Maint District	213		217,921.00	217,921.00		-	217,921.00
80	International Line Builders	214		50,000.00	50,000.00		-	50,000.00
81	MC Cain	215		40,000.00	40,000.00		-	40,000.00
82	Environs Landscape Arch	216		1,350,000.00	300,000.00	300,000.00	28,562.51	271,437.49
83	Contractor By Public Bidding	217		26,000,000.00			-	-
84	Contractor By Public Bidding	218		10,516,800.00			-	-
85	Kimley Horn & Assoc	219		160,000.00	100,000.00	60,000.00	-	100,000.00
86	Kimley Horn & Assoc	220		1,000,000.00	300,000.00	300,000.00	-	300,000.00
87	SCS Engineers	221		310,000.00	90,000.00	110,000.00	6,855.00	83,145.00
88	WKE, INC.	222		75,000.00	50,000.00	25,000.00	-	50,000.00
89	Bustko Engineering	223		750,000.00	450,000.00	300,000.00	-	450,000.00
90	Sukut Construction, LLC	267					-	-
91	C. A. Rasmussen Inc.	270					-	-
92	Sukut Construction, LLC	271					-	-
93	International Line Builders, Inc./Contractor - by public bidding	281		-			-	-
94	Contractor By Public Bidding	289		-			-	-
95	All American Asphalt	290		18,784,000.00	18,784,000.00		243,455.53	18,540,544.47
96	City Of Walnut	291		2,877,094.00			-	-
97	CASC Engineering & Consulting, INC.	293					-	-
100	Total Industry Business Center			\$ 90,816,531.00	\$ 38,383,921.00	\$ 9,910,700.00	\$ 654,981.77	\$ 37,728,939.23

A	B	C	D	E	F	G	Z	AA
1	Successor Agency To the Industry Urban-Development Agency							
2	Budget vs. Actual Disbursements Comparison ROPS 16-17A							
3	Detail Report							
4	July 1 Through December 31, 2016							
5	Exhibit 3							
6	Payee	ROPS Line Item	Project #	Total Outstanding ROPS Annual ROPS 16-17	Estimated Project Expenditures Approved On ROPS 16-17A	Estimated Project Expenditures Approved On ROPS 16-17B	Actual Disbursements Paid During the Period	Remaining Amount Of Estimated Project Expenditures Budgeted For The Period
7					Period July 1 to December 31, 2016	Period July 1 to December 31, 2017	Period July 1 to September 22, 2016	Period July 1 to December 31, 2016
101								
102	Industry East Traffic Mitigation		MP 99-31 #65					
103	CNC Engineering	251		500,000.00	200,000.00	200,000.00	2,007.64	197,992.36
104	Geotechnical Consultant	252		174,888.00	150,000.00	24,888.00	-	150,000.00
105	RKA Consulting Group	253		-	-	-	-	-
106	Contractor by Public Bid	254		1,322,066.00	-	-	-	-
107	City Of Diamond Bar	275		713,400.00	713,400.00	-	-	713,400.00
108	Total Industry East Traffic Mitigation			\$ 2,710,354.00	\$ 1,063,400.00	\$ 224,888.00	\$ 2,007.64	\$ 1,061,392.36
109								
110	City / Agency reimbursement Agreement							
111	City of Industry	277		-	-	-	-	-
112	Totals			\$ -	\$ -		\$ -	\$ -
113								
114	Total Projects To Be Funded From Other Available Funds			\$ 95,910,806.00	\$ 40,652,621.00	\$ 11,279,709.00	\$ 753,920.51	\$ 39,898,700.49
115								
116	Projects To Be Funded From Bond Proceeds							
117								
118	Lemon Ave Interchange at Route 60		MP 03-10					
119	CNC Engineering	116		95,000.00	\$ 30,000.00	\$ 30,000.00	18,547.10	11,452.90
120	Jacobs Civil	117		200,000.00	200,000.00	-	-	200,000.00
121	Avant-Garde	118		100,000.00	80,000.00	20,000.00	18,945.00	61,055.00
122	Caltrans (Right of Way Acquisition)	119		-	-	-	-	-
123	Caltrans - contractor by public bidding	120		3,543,160.00	3,000,000.00	543,160.00	-	3,000,000.00
124	Caltrans (Construction Administration)	121		3,715,366.00	3,000,000.00	715,366.00	-	3,000,000.00
125	LA County Dept Public Works	122		3,000.00	3,000.00	-	-	3,000.00
127	Total Lemon Ave Interchange at Route 60			\$ 7,656,526.00	\$ 6,313,000.00	\$ 1,308,526.00	\$ 37,492.10	\$ 6,275,507.90
128								
129	Route 57/60 Confluence Project		MP 99-31 #22					
130	CNC Engineering	123		150,000.00	50,000.00	50,000.00	12,556.50	37,443.50
131	WKE Inc (Environmental Phase)	124		-	-	-	-	-
132	Atkins	125		-	-	-	-	-
133	Casey O'Callaghan Golf Design	126		38,000.00	38,000.00	-	-	38,000.00
134	Caltrans	127		4,400,000.00	3,000,000.00	1,400,000.00	-	3,000,000.00
135	Caltrans - by public bidding	128		5,872,434.00	2,000,000.00	3,872,434.00	-	2,000,000.00
136	The PFM Group	129		-	-	-	-	-
137	Avant-Garde (Retired)	130		-	-	-	-	-
138	ARC Imaging Recourses	131		-	-	-	-	-
139	MX Graphics	132		10,000.00	8,000.00	2,000.00	-	8,000.00
140	WKE Inc (Design Phase)	133		3,700,000.00	1,200,000.00	1,000,000.00	17,380.36	1,182,619.64
141	Prince Global	134		300,000.00	70,000.00	70,000.00	10,000.00	60,000.00
142	TBD (Avant-Grade)	295		100,000.00	80,000.00	20,000.00	21,030.00	58,970.00
143	Total Route 57/60 Confluence Project			\$ 14,570,434.00	\$ 6,446,000.00	\$ 6,414,434.00	\$ 60,966.86	\$ 6,385,033.14
144								

A	B	C	D	E	F	G	Z	AA
1	Successor Agency To the Industry Urban-Development Agency							
2	Budget vs. Actual Disbursements Comparison ROPS 16-17A							
3	Detail Report							
4	July 1 Through December 31, 2016							
5	Exhibit 3							
6	Payee	ROPS Line Item	Project #	Total Outstanding ROPS Annual ROPS 16-17	Estimated Project Expenditures Approved On ROPS 16-17A	Estimated Project Expenditures Approved On ROPS 16-17B	Actual Disbursements Paid During the Period	Remaining Amount Of Estimated Project Expenditures Budgeted For the Period
7					Period July 1 to December 31, 2016	Period July 1 to December 31, 2017	Period July 1 to September 22, 2016	Period July 1 to December 31, 2016
145	Westbound Slip On- Ramp 57/60		MP 99-31 #22a					
146	WKE Inc	224					-	-
147	CNC Engineering	225					-	-
148	Caltrans	226		7,000,000.00	7,000,000.00		-	7,000,000.00
149	Avant-Garde (Retired)	227					-	-
150	Atkins	228					-	-
151	MX Graphics	229		2,200.00	1,000.00	1,000.00	-	1,000.00
152	ARC Imaging Recourses	230					-	-
153	TBD (Avant-Grade)	294		100,000.00	80,000.00	20,000.00	-	80,000.00
154	Total Westbound Slip On- Ramp 57/60			\$ 7,102,200.00	\$ 7,081,000.00	\$ 21,000.00	\$ -	\$ 7,081,000.00
155								
156	Industry East Industrial Park pursuant to Lease Agreement an	1,122						
157								
158								
159	Total Projects To Be Funded From Bond Proceeds			29,329,160.00	19,840,000.00	7,743,960.00	98,458.96	19,741,541.04
160								
161	Administration							
162								
163	US Bank	21		3,350.00	3,350.00		2,000.00	1,350.00
164	Bank of NY	22					-	-
165	US Bank	23		10,050.00	10,050.00		5,000.00	5,050.00
166	US Bank	25		6,700.00	6,700.00		2,000.00	4,700.00
167	Reimburse City of Industry - Salary	255		780,000.00	390,000.00	390,000.00	195,000.00	195,000.00
168	Various Vendor -Office Expenses	256		4,000.00	2,000.00	2,000.00	29.90	1,970.10
169	Various Vendor - Property Management	257		64,000.00	32,000.00	32,000.00	8,744.96	23,255.04
170	Various Vendor - Legal	258		342,000.00	162,200.00	179,800.00	3,165.00	159,035.00
171	Various Vendor - Accounting & Consulting	259		185,400.00	92,700.00	92,700.00	41,035.00	51,665.00
172	Various Vendor - Auditing & Review Services	260		160,000.00	80,000.00	80,000.00	15,440.00	64,560.00
173								
174	Total Administration			\$ 1,555,500.00	\$ 779,000.00	\$ 776,500.00	\$ 272,414.86	\$ 506,585.14
175								
176	Appraisal Fees							
177	City Of Industry	282					-	-
178	Total			\$ -	\$ -	\$ -	\$ -	\$ -
179								
180	Ge Brown & Brown Ins	263					48,282.00	(48,282.00)
181	Total			\$ -	\$ -	\$ -	\$ 48,282.00	\$ (48,282.00)
182								
183	Property Maintenance							
184	City of Industry	269		1,054,500.00	527,250.00	527,250.00	-	527,250.00
185	Total			\$ 1,054,500.00	\$ 527,250.00	\$ 527,250.00	\$ -	\$ 527,250.00
186								
187	Total All Expenditures			\$ 127,849,966.00	\$ 61,798,871.00	\$ 20,327,419.00	\$ 1,173,076.33	\$ 60,625,794.67
188								
189				\$ 181,725,870.00		\$ 31,565,074.00		

Successor Agency to the IUDA
 Projected Cash Flow For Projects
 October 1, 2016 to June 30, 2019

Exhibit 4

Industry Business Center (IBC):

Land Sales - 3rd Parties
 Land Sales - City of Industry
 Funds from rental income/notes receivable/(to Other Projects)
 Estimated Project Expenditures per ROPS 15-16A
 Net
 Transfers To Other Projects
 Beginning Cash Balance - Property Sales Depository Account
 Ending Cash Balance

16-17A Budget	16-17B Budget	17-18A Budget	17-18B Budget	18-19A Budget	18-19B Budget	Totals
10/1/16 to 12/31/16	1/1/17 to 6/30/17	7/1/17 to 12/31/17	1/1/18 to 6/30/18	7/1/18 to 12/31/18	1/1/19 to 6/30/19	
\$ 87,492,760						\$ 87,492,760
51,721,000	42,730,000					94,451,000
-	970,616	(106,376)	3,069,466	2,929,466	3,110,578	9,973,750
(7,109,395)	(41,840,201)	(33,344,000)	(15,856,055)	(19,985,304)	(17,129,361)	(135,264,316)
132,104,365	1,860,415	(33,450,376)	(12,786,589)	(17,055,838)	(14,018,783)	56,653,194
693,206						693,206
25,553,659	158,351,230	160,211,645	126,761,269	113,974,680	96,918,842	25,553,659
\$ 158,351,230	\$ 160,211,645	\$ 126,761,269	\$ 113,974,680	\$ 96,918,842	\$ 82,900,059	\$ 82,900,059

Other Projects:

Landscaping Baker Parkway Slopes
 Diamond Bar Creek
 Industry East Traffic Mitigation
 Net
 Transfers from land sales
 Funds from rental income/notes receivable
 Beginning Cash Balance
 Ending Cash Balance

\$ (115,513)	\$ (165,600)	\$ (165,100)	\$ (165,100)	\$ (165,100)	\$ (164,100)	\$ (940,513)
(16,883)	(907,950)	(1,187,771)	-	-	-	(2,112,604)
(17,875)	(1,453,400)	(1,978,071)	(140,000)	(130,000)	(99,888)	(3,819,234)
(150,271)	(2,526,950)	(3,330,942)	(305,100)	(295,100)	(263,988)	(6,872,351)
(693,206)	-	-	-	-	-	(693,206)
843,477	2,526,950	3,330,942	305,100	295,100	263,988	7,565,557
-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Projects To Be Funded By Bond Proceeds:

Lemon Ave Interchange at Route 60 MP 3 - 10
 Route 57/60 Confluence Project MP 99 - 31 # 22
 Westbound Slip On-Ramp 57/60 MP 99-31 #22A
 Net
 Transfers from land sales
 Beginning Cash Balance
 Ending Cash Balance (Deficit)

\$ (135,976)	\$ (275,000)	\$ (7,428,526)	\$ -	\$ -	\$ -	\$ (7,839,502)
(5,114,444)	(6,650,434)	(1,339,000)	(1,325,000)	(30,000)	(5,000)	(14,463,878)
(2,589,267)	(4,021,000)	(200)	-	-	-	(6,610,467)
(7,839,687)	(10,946,434)	(8,767,726)	(1,325,000)	(30,000)	(5,000)	(28,913,847)
						-
25,651,102	17,811,415	6,864,981	(1,902,745)	(3,227,745)	(3,257,745)	25,651,102
\$ 17,811,415	\$ 6,864,981	\$ (1,902,745)	\$ (3,227,745)	\$ (3,257,745)	\$ (3,262,745)	\$ (3,262,745)

Total Projected Costs per Cash Flow
 Total Projected Costs per Recap
 Difference

(15,099,353)	(55,313,585)	(45,442,668)	(17,486,155)	(20,310,404)	(17,398,349)	(171,050,514)
(15,099,353)	(55,313,585)	(45,442,668)	(17,486,155)	(20,310,404)	(17,398,349)	(171,050,514)
-	-	-	-	-	-	-

(1) Only includes properties that are in escrow or finalized agreement

(2) - Land Sales amount from the City of Industry only includes estimated sales price for 12 properties of the 24 properties to be purchased.
 This amount does not include estimated sales price for the Tres Hermanos property.

Successor Agency to the IUDA
Projected Cash Flow For Projects

Exhibit 5

October 1, 2016 to June 30, 2019

(1)(2)(3)(4) Net Proceeds From Property Sales

10/1/16 to 12/31/16 Property Sales	1/1/17 to 6/30/17 Property Sales	Totals
\$ 139,213,759.71	\$ 42,730,000.00	\$ 181,943,759.71

Future Estimated Project Costs and Income

IBC Project Costs To Be Spent

ROPS 16-17A	10/1/16 to 12/31/2016	(7,109,394.57)		
ROPS 16-17B	1/1/17 to 6/30/17	(41,840,201.00)		
ROPS 17-18A	7/1/17 to 12/31/17	(33,344,000.00)		
ROPS 17-18B	1/1/18 to 6/30/18	(15,856,055.00)		
ROPS 18-19A	7/1/17 to 12/31/18	(19,985,304.00)		
ROPS 18-19B	1/1/18 to 6/30/19	(17,129,361.00)		
Estimated remaining project costs to be spent IBC		(135,264,315.57)		(135,264,315.57)

Other Project Costs To Be Spent

Landscaping Baker Parkway Slopes		(940,513.38)		
Diamond Bar Creek		(2,112,603.99)		
Industry East Traffic Mitigation		(3,819,233.55)		
Estimated remaining project costs to be spent Other Projects		(6,872,350.92)		(6,872,350.92)

(5) Estimated excess cash generated from rental income and notes receivable collections 10/1/2016 to 6/30/2019

17,539,306.58 17,539,306.58

Beginning cash balances at 9/30/2016

25,553,659.11 25,553,659.11

Estimated excess funds

\$ 40,170,058.91 \$ 42,730,000.00 \$ 82,900,058.91

82,900,058.91

Projects To Be Funded By Bond Proceeds:

Lemon Ave Interchange at Route 60 MP 3 - 10		(7,839,501.82)		
Route 57/60 Confluence Project MP 99 - 31 # 22		(14,463,877.66)		
Westbound Slip On-Ramp 57/60 MP 99-31 #22A		(6,610,466.85)		
Estimated remaining project costs to be spent on projects to be funded by bond proceeds		\$ (28,913,846.33)		(28,913,846.33)

Beginning cash balances at 9/30/2016

25,651,102.18 25,651,102.18

Estimated shortfall of funds

\$ (3,262,744.15) \$ (3,262,744.15)

Estimated excess funds - combined

\$ 36,907,314.76 \$ 42,730,000.00 \$ 79,637,314.76

- 1) Sales price for Tres Hermanos Ranch \$41,650,000
- 2) Properties #'s 2, 29, 34, 46, 72 of \$22.9M sales price based upon original estimate for commercial property at date submission of Long Range Management Plan
- 3) No sales price included for properties #'s 14, 15, 22, 23, 47 waiting on appraisals
- 4) Does not include sales price for IBC (#40) and Grand Crossing (#41), Majestic Reality has first rights to purchase property
- 5) Rental Income receipts dependent upon when Grand Crossing property is sold
- 6) Collections on notes receivable through 6/30/2018 with no early payoff of notes maturity dates May/June 2022

*OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE
INDUSTRY URBAN-DEVELOPMENT AGENCY*

ITEM NO. 5.3

CLIENT MEMORANDUM

TO: OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY
FROM: VARNER & BRANDT LLP
SUBJECT: TRANSMITTAL OF SEPTEMBER 29, 2016 OVERSIGHT BOARD MEETING AGENDA ITEM #5.3
DATE: NOVEMBER 1, 2016

The following memorandum provides the seven (7) board members (“Board Members”) of the Oversight Board (“Oversight Board”) of the Successor Agency to the Industry Urban-Development Agency (“Successor Agency”) with pertinent information in order for each Board Member to make an informed decision on the matters before the Oversight Board.

Agenda Item No.: 5.3

Subject: Approval of Contract for Extension of Electrical Distribution Line, Industry Business Center. Successor Agency seeks approval of a contract with Industry Public Utilities Commission (“IPUC”) concerning extending electrical service to the Industry Business Center project.

Recognized Obligation Payment Schedule Item No.: 206

Request by Successor Agency: Successor Agency requests that the Oversight Board approve the Contract for Extension of Electric Distribution Line with IPUC, attached hereto as Exhibit A (the “Contract”), for the extension of electrical service to the 600-acre Industry Business Center project, as part of the site improvement obligations of the Successor Agency required under the Lease Agreement dated April 28, 2005, between the Successor Agency and Industry East Business Center, LLC, as successor in interest to the Industry East Land, LLC (“2005 Lease”).

Legislative Authority of the Oversight Board:

1. *California Health and Safety Code Section 34177(c):* The Successor Agency must perform all obligations required by any enforceable obligation.
2. *California Health and Safety Code Section 34177(h):* The Successor Agency must expeditiously wind down the affairs of the Former Agency in accordance with the direction of the Oversight Board.

Application: Department of Finance (“DOF”) confirmed in its February 20, 2013 correspondence to the Successor Agency that the 2005 Lease is an enforceable obligation. The Successor Agency must perform all obligations that exist under an enforceable obligation. (Health and Safety Code § 34177(c)). Consistent with the foregoing, DOF also indicated in its letter that obligations emanating from the 2005 Lease must have executed contracts before such agreement will be eligible for payment in any given ROPS period. The Successor Agency included this Contract as Item No. 206 on ROPS 16-17.

Upon review of ROPS 16-17, DOF issued a determination letter dated April 12, 2016, denying the inclusion of this item on ROPS 16-17 and the corresponding expenditure of \$11,829,600. A copy of the letter from DOF is attached hereto as Attachment A. Successor Agency staff subsequently requested a meet and confer session with DOF, which was held on April 26, 2016. In its subsequent May 17, 2016 determination letter, DOF again denied the inclusion of this item on ROPS 16-17, citing to the absence of an executed agreement with the IUPC. DOF indicated that “Once agreements have been executed, the [Successor] Agency should list them on the amended ROPS 16-17 or a future ROPS for funding.” A copy of the letter from DOF is attached hereto as Attachment B.

The Successor Agency desires to execute the Contract and include the expenditure on the amended ROPS 16-17. The amended ROPS 16-17 will be presented to the Oversight Board at this meeting. The work under the Contract consists of the installation of electric distribution lines to various portions of the Industry Business Center project. This work relates to the Successor Agency’s site improvement obligations set forth in Exhibit B of the 2005 Lease. To fund the work, the Successor Agency intends to utilize the proceeds from rental property income and from the sale of Successor Agency properties. As the “applicant” for the work, the Successor Agency is required to pay the costs associated with the installation and infrastructure of the electric distribution lines. The contract amount for the Contract is \$10,750,000, which is less than the expenditure amount originally included on ROPS 16-17.



SUCCESSOR AGENCY OF THE
INDUSTRY URBAN - DEVELOPMENT AGENCY

MEMORANDUM

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

From: Paul J. Philips, Executive Director

Staff: Clement N. Calvillo, Agency Engineer, CNC Engineering
Joshua Nelson, Deputy Agency Engineer, CNC Engineering

Date: September 8, 2016

SUBJECT: Contract for Extension of Electric Distribution Line (IBC-0384)

DISCUSSION:

For the Industry Business Center project, the Industry Public Utilities Commission is the electric utility provider for that area. In order to serve the project, their rules require the applicant (in this case the Successor Agency is the applicant) to pay for the cost to extend their facilities to the project as well as pay for the infrastructure to be installed within the project. The attached agreement outlines the terms of the extension of the distribution system. The total cost to the Successor Agency is \$10,750,000 and is listed in the Recognized Obligation Payment Schedule under line number 206. At this time the California State Department of Finance has denied this line item because there wasn't an agreement in place. However, by signing this agreement it should satisfy their requirement to have an agreement in place. The Oversight Board to the Successor Agency to the Industry-Urban Development Agency will still need to approve this agreement prior to it being sent to the California State Department of Finance.

FISCAL IMPACT:

The IPUC requires an advance payment of \$10,750,000. This amount is listed in the amended ROPS 16-17B under line number 206 that will be submitted to the Oversight Board on September 12, 2016.

RECOMMENDED ACTION:

We recommend that you approve the agreement.

PP/CC/JN:jv

RESOLUTION NO. OB 2016-23

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY, THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF INDUSTRY, APPROVING THE CONTRACT FOR EXTENSION OF ELECTRIC DISTRIBUTION LINE BY AND BETWEEN THE SUCCESSOR AGENCY AND THE INDUSTRY PUBLIC UTILITY COMMISSION

WHEREAS, the Successor Agency to the Industry Urban-Development Agency was formed in accordance with California Health and Safety Code Section 34173 (“Successor Agency”); and

WHEREAS, the Oversight Board (“Oversight Board”) of the Successor Agency was established pursuant to California Health and Safety Code Section 34179; and

WHEREAS, the former Industry Urban-Development Agency (“Former Agency”) and Industry East Business Center, LLC, as successor in interest to the Industry East Land, LLC, entered into that certain Lease Agreement dated April 28, 2005 (“2005 Lease Agreement”), for the development of industrial, retail, and office space on the 600-acre parcel of land owned by the Former Agency and located on either side of Grand Avenue and adjacent to State Route 60 (“IBC Project”); and

WHEREAS, the 2005 Lease Agreement required the Former Agency to perform certain public improvements and other work related to infrastructure for the IBC Project, including design and construction of vaults, junction boxes and related substructure elements for electrical utilities; and

WHEREAS, the California Department of Finance (“DOF”), in a letter dated February 20, 2013, stated that the 2005 Lease Agreement is an enforceable obligation of the Successor Agency and the Successor Agency may enter into contracts for obligations that emanate from the 2005 Lease Agreement; and

WHEREAS, the Successor Agency desires to enter into a Contract for Extension of Electric Distribution Line with the Industry Public Utility Commission, in the form attached hereto as Attachment A (“Contract”), subject to the approval of the Oversight Board and the DOF, whereby the Successor Agency will pay the Industry Public Utility Commission to install electric distribution lines to various portions of the IBC Project site in accordance with the Successor Agency’s obligations under the 2005 Lease Agreement; and

WHEREAS, the Oversight Board has determined that the approval of the Contract is proper and that the Agreement is consistent with the requirements of the Successor Agency to perform obligations required pursuant to any enforceable obligation in accordance with California Health and Safety Code Section 34177(c) and to wind down the affairs of the Former Agency in accordance with California Health and Safety Code Section 34177(h); and

WHEREAS, California Health and Safety Code Section 34179(e) requires the Oversight Board to adopt resolutions for any action taken by the Oversight Board.

NOW, THEREFORE, BE IT RESOLVED by the Oversight Board as follows:

Section 1. Approval of the Contract. The Oversight Board hereby approves the Contract, attached hereto as Attachment A.

Section 2. Authorization of Successor Agency. Upon approval of this resolution (“Resolution”) by the DOF, the Oversight Board hereby authorizes and directs the Executive Director and/or Assistant Secretary of the Successor Agency, jointly and severally, to execute and deliver any and all other documents which they may deem necessary or advisable in order to effectuate the purposes of this Resolution.

Section 3. Delivery to the California Department of Finance. The Oversight Board hereby authorizes and directs the Secretary of the Oversight Board to electronically deliver a copy of this Resolution to the DOF in accordance with California Health and Safety Code Section 34179(h).

Section 4. Other Actions. The Oversight Board hereby authorizes and directs the Chairman, Vice Chairman and/or Secretary of the Oversight Board, jointly and severally, to do any and all things and to execute and deliver any and all documents which they may deem necessary or advisable in order to effectuate the purposes of this Resolution, and such actions previously taken by such officers are hereby ratified and confirmed.

Section 5. Effect. This Resolution shall take effect in accordance with California Health and Safety Code Section 34179(h).

PASSED, APPROVED AND ADOPTED by the Oversight Board at a duly noticed meeting of the Oversight Board held on November 1, 2016, by the following vote:

AYES:

NOES”

ABSENT:

ABSTAIN:

By: _____
Santos H. Kreimann, Chairman
Oversight Board of the Successor Agency
to the Industry Urban-Development Agency

ATTEST:

Diane M. Schlichting, Secretary
Oversight Board of the Successor Agency
to the Industry Urban-Development Agency

RESOLUTION NO. OB 2016-23

ATTACHMENT A

CONTRACT FOR EXTENSION OF ELECTRIC DISTRIBUTION LINE

[ATTACHED BEHIND THIS PAGE]

CONTRACT FOR EXTENSION OF ELECTRIC DISTRIBUTION LINE
RULE 15

1. PARTIES

This Contract for Extension of Electric Distribution Line ("Contract") is issued this 8th day of September, 2016.

The Parties to this Contract are:

Successor Agency to the Industry Urban-Development Agency

("Applicant")

and Industry Public Utility Commission ("IPUC"). Applicant and IPUC are referred to individually as "Party" and collectively as "Parties".

2. RECITALS

Applicant has requested IPUC, pursuant to IPUC's Rule 15 and Rule 16, Distribution Line Extensions and Service Extensions, to install an electric Distribution Line Extension to the location or locations described as follows:

Project known as the Industry Business Center, roughly 600 acres on the eastern and western sides of Grand Avenue, North of the SR57/S60 Freeway.

(Hereinafter referred to as "Project")

3. AGREEMENT

3.1 Responsibilities of Applicant

Construction

Applicant shall, in accordance with IPUC's specifications and timing requirements for the Project:

- o Perform route clearing, tree trimming, trenching, excavating, and backfilling and compacting;
- o Furnish imported backfill material and dispose of trench spoil as required;
- o Furnish, install and transfer ownership to IPUC any substructures, conduit, and protective structures required;
- o Obtain any necessary construction permits for all work performed by Applicant under this Contract.

If Applicant elects to have IPUC perform any part of this work, Applicant shall pay to IPUC, as specified herein and before the start of construction, IPUC's estimated-installed costs thereof.

Rights of Way

Applicant hereby grants to IPUC the rights of way and easements for the Distribution Line Extension over the shortest, most practical, available, and acceptable route within Applicant's property for the purpose of making delivery of electric service hereunder. Such easement shall include the right of access and right to trim trees as necessary. Where formal rights of way, easements, land leases, or permits are required by IPUC for installation of facilities on or over Applicant's property, or the property of others, Applicant understands and agrees that IPUC shall not be obligated to install the Distribution Line Extension for the Project unless and until any necessary permanent rights of way, easements, land leases, and permits, satisfactory to IPUC, are granted to or obtained for IPUC without cost to or condemnation by IPUC.

Payments

Applicant shall pay, before the start of construction, the non-refundable amounts as set forth in Appendix A to this Contract. This includes the costs for substructures and conduits which IPUC had previously installed at its expense in anticipation of the current Distribution Line Extension. Any necessary riser conduit, conduit covering, and miscellaneous riser material required for the Distribution Line Extension shall be furnished or paid for by Applicant and shall be installed by IPUC.

Joint Applicants. The total contribution or advance from joint Applicants will be apportioned by IPUC among the members of the group in such manner as Applicants mutually agree.

3.2 Responsibilities of IPUC

Construction

IPUC shall install, own, operate, and maintain the Distribution Line Extension to serve the Project. IPUC will install only those facilities that, in IPUC's judgment, will be used within a reasonable time to serve permanent loads.

3.3 Ownership of Facilities

Title to and ownership of the Distribution Line Extension shall vest in IPUC. Applicant does hereby agree that upon completion and acceptance by IPUC of any Applicant-installed facilities, title to each and every component part thereof shall immediately pass to IPUC free and clear of all liens and encumbrances.

3.4 Service Facilities

Service extensions shall be installed pursuant to IPUC's Rule 16, Service Extensions.

3.5 Street Lighting Facilities

Street lighting and Distribution Line Extensions within the Project solely for service to street lighting equipment shall be installed in accordance with the appropriate street light tariff schedule. Street light revenues are not applicable toward allowances or refunds for Distribution Line Extensions. Electroliers shall be located at points determined by the governmental agency having jurisdiction over streets to be dedicated to that agency or by Applicant for privately owned and maintained streets open to and used by the general public.

3.6 Delays in Construction

Force Majeure. IPUC shall not be responsible for any delay in the installation or completion of the facilities by IPUC resulting from the late performance of Applicant's responsibilities under this Contract, shortage of labor or material, strike, labor disturbance, war, riot, weather conditions, governmental rule, regulation or order, including orders or judgements of any court or commission, delay in obtaining necessary land rights, act of God, or any other cause or condition beyond the control of IPUC.

Resources. IPUC shall have the right, in the event it is unable to obtain sufficient supplies, materials, or labor for all of its construction requirements, to allocate materials and labor to construction projects which it deems, in its sole discretion, most important to serve the needs of its customers. Any delay in construction hereunder resulting from such allocation shall be deemed to be cause beyond IPUC's control.

Contract Revision. If Applicant does not commence installation of any facilities which are Applicant's responsibility or IPUC is prevented from commencing the installation of the facilities for causes beyond its reasonable control within one year from the effective date of this Contract, IPUC may, in its discretion, revise its cost estimate and recalculate the amounts set forth herein. IPUC will notify Applicant of such increased costs and give the option to either terminate this Contract or pay IPUC the additional charges.

3.7 Contract Termination

If at any time during the term of this Contract, IPUC is not the sole deliverer of electrical requirements for the Project, this Contract may be terminated. Upon termination of the Contract, Applicant agrees to forfeit that portion of the advance paid to IPUC for its expenses covering any engineering, surveying, right of way acquisition and other associated work incurred by IPUC.

3.8 Indemnification

Applicant shall, at its own cost, defend, indemnify, and hold harmless IPUC, its officers, agents, employees, assigns, and successors in interest from and against any and all liability, damages, losses, claims, demands, actions, causes of action, costs including attorney's fees and expenses, or any of them, resulting from the death or injury to any person or damages to any property caused by Applicant or its contractor and employees, officers or agents of either Applicant or its contractor, or any of them, and arising out of the performance or nonperformance of their obligations under this Contract.

3.9 Assignment of Contract

Applicant may assign this Contract, in whole or in part, only if IPUC consents in writing and the party to whom the Contract is assigned agrees in writing, to perform the obligations of Applicant hereunder. Assignment of the Contract shall not release Applicant from any of the obligations under this Contract unless otherwise provided therein.

3.10 Joint and Several Liability

Where two or more individuals or entities are joint Applicants under this Contract, all Applicants shall be jointly and severally liable to comply with all terms and conditions herein.

3.11 Warranty

Applicant warrants that all work and/or equipment furnished or installed by Applicant or its contractor shall be free of defects in workmanship and material. The warranty period shall begin from the date of final acceptance by IPUC and extend for one (1) year. Should the work develop defects during that period, IPUC, at its election, shall either (a) repair or replace the defective work and/or equipment, or (b) demand that Applicant repair or replace the defective work and/or equipment and, in either event, Applicant shall be liable for all costs associated with such repair and/or replacement. Applicant upon demand by IPUC, shall promptly correct, to IPUC's satisfaction and that of any governmental agency having jurisdiction, any breach of any warranty.

3.12 Contract Effective Date

This Contract shall not be effective unless it is (1) executed and delivered by Applicant to IPUC together with payment required hereunder within ninety (90) days of the date in Paragraph 1 of this Contract and (2) accepted by IPUC. This Contract shall then be effective on the date executed by IPUC and shall take effect without further notice to Applicant.

3.13 Commission Jurisdiction

This Contract is subject to the applicable provisions of IPUC's tariffs, including Rule 15 and Rule 16, filed and authorized by the Industry Public Utilities Commission.

This Contract shall, at all times, be subject to such changes or modifications by the Industry Public Utilities Commission, as said Commission may, from time to time, direct in the exercise of its jurisdiction.

3.14 Completion Date

The completion date requested by Applicant is December 31, 2019

4. SIGNATURE CLAUSE

The signatories hereto represent that they have been appropriately authorized to enter into this Contract on behalf of the party for whom they sign.

APPLICANT(S)

CORPORATION, PARTNERSHIP, OR DBA: Successor Agency to the Industry Urban-Development Agency

NAME OF AUTHORIZED INDIVIDUAL: Mark D. Radecki

SIGNATURE: _____

TITLE: Chairman

MAILING ADDRESS: 15625 Stafford Street Suite 100 Industry, CA 91744

TELEPHONE: 626-333-2211

ADDITIONAL SIGNATURES FOR JOINT APPLICANTS

NAME OF AUTHORIZED INDIVIDUAL: _____

SIGNATURE: _____

TITLE: _____

MAILING ADDRESS: _____

TELEPHONE: _____

NAME OF AUTHORIZED INDIVIDUAL: _____

SIGNATURE: _____

TITLE: _____

MAILING ADDRESS: _____

TELEPHONE: _____

APPORTIONMENT OF ADVANCE AMONG JOINT APPLICANTS:

INDUSTRY PUBLIC UTILITY COMMISSION

NAME OF AUTHORIZED INDIVIDUAL: Mark D. Radecki

SIGNATURE: _____

TITLE: President _____

DATE EXECUTED: September 8th 2016

DATE IPUC FIRST READY TO SERVE: TBD _____

WORK ORDER NO. _____

ASSOCIATED WORK ORDER NOS. N/A



Attachment A

DOF Determination Letter, Dated April 12, 2016



April 12, 2016

Mr. Paul Philips, City Manager
City of Industry
15625 E Stafford Street
City of Industry, CA 91744

Dear Mr. Philips:

Subject: 2016-17 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Industry Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule for the period July 1, 2016 through June 30, 2017 (ROPS 16-17) to the California Department of Finance (Finance) on January 29, 2016. Finance has completed its review of the ROPS 16-17.

Based on a sample of line items reviewed and application of the law, Finance made the following determinations:

- Item Nos. 164, 195, 206, 253, and 281 – Materials, consulting services, and utility installation costs totaling \$15,820,104 of Other Funds for the ROPS 16-17 period are not allowed. Finance determined the Industry Business Center 2005 Lease Agreement (2005 Lease) is an enforceable obligation per our letter dated February 20, 2013. As part of the 2005 Lease the former redevelopment agency (RDA) agreed to be responsible for specific public improvements. However, contracts for these services have not been executed and/or properly approved; therefore, these items are not eligible for Other Funds at this time. Once contracts have been executed and approved by the Oversight Board and Finance, the Agency should list them on future ROPS for funding.
- Item No. 269 – Property Maintenance costs in the amount of \$1,472,000 from Other Funds is partially allowed for ROPS 16-17. HSC section 34171 (d) (1) (F) states that agreements necessary for the administration or operation of the Agency, such as the cost of maintaining assets prior to disposition, are enforceable obligations. However, Finance approved the Agency's Long-Range Property Management Plan (LRPMP) on February 21, 2014, which directs several of the properties listed on the LRPMP to be transferred to the City of Industry for governmental use. As such, maintenance costs associated with the Workman Temple Homestead museum in the amount of \$378,000 and other various unidentified properties in the amount of \$39,500, totaling \$417,500 are not allowed for ROPS 16-17.
- Item No. 276 – Property landscape maintenance cost in the amount of \$228,000 from Other Funds is partially allowed for ROPS 16-17. It is our understanding the total contract amount of \$445,290 with Marina Landscape Maintenance, Inc. dated

January 21, 2015, includes maintenance, irrigation repair/replacement, and landscape replacement costs. Funding for the one-time costs of irrigation repair/replacement and landscape replacement costs were previously approved in ROPS 15-16A. In addition, recent invoices support the contract monthly maintenance cost of \$14,350, or \$172,200 annually. Therefore, the excess \$55,800 (\$228,000 - \$172,200) is not eligible for funding. Specifically, \$38,900 for the July 1, 2016 through December 31, 2016 (ROPS A) period and \$16,900 for the January 1, 2017 through June 30, 2017 (ROPS B) is not allowed.

- Item Nos. 283 through 288 – 2015 Tax Allocation Revenue Refunding Bonds in the ROPS A period totaling \$55,869,112. The Agency requested funding for these obligations in error and requests to reduce funding to zero. Specifically, the funding necessary to service these bonds was distributed to the Agency during the ROPS 15-16B period. As a result, RPTTF funding for the ROPS A period has been decreased by \$55,869,112.
- Item No. 289 – Mass grading costs in the amount of \$38,000,000 from Other Funds is partially allowed. The contract provided by the Agency indicates the mass grading cost is \$30,237,655; therefore, the excess \$7,762,345 is not an enforceable obligation and not eligible for Other Funds for the ROPS B period.
- Item Nos. 99, 100, 116 through 118, 120 through 123, 126 through 128, 132 through 134, 226, 229, 294, and 295 – Various construction projects totaling \$27,625,960 funded with Bond Proceeds. The Agency received a Finding of Completion on May 9, 2016 and is allowed to expend bond proceeds derived from bonds issued prior to January 1, 2011 (pre-2011 bond proceeds) in a manner consistent with the bond covenants. Our approval is specifically limited to the use of excess pre-2011 bond proceeds pursuant to HSC section 34191.4 (c) (1). Therefore, we have changed the various Obligation types to “Bond Funded Project – Pre-2011” Such approval, however, should not be construed as approval of the projects themselves as enforceable obligations.

Except for the items denied in whole or in part or the items that have been adjusted, Finance is not objecting to the remaining items listed on your ROPS 16-17. If you disagree with Finance’s determination with respect to any items on your ROPS 16-17, except for those items which are the subject of litigation disputing Finance’s previous or related determinations, you may request a Meet and Confer within five business days of the date of this letter. The Meet and Confer process and guidelines are available at Finance’s website below:

http://www.dof.ca.gov/redevelopment/meet_and_confer/

The Agency’s maximum approved RPTTF distribution for the reporting period is \$81,022,086 as summarized in the Approved RPTTF Distribution table on page 4 (See Attachment).

ROPS distributions will occur twice annually, one distribution for the ROPS A period, and one distribution for the ROPS B period based on Finance’s approved amounts. Since Finance’s determination is for the entire ROPS 16-17 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

On the ROPS 16-17 form, the Agency was not required to report the estimated obligations versus actual payments (prior period adjustment) associated with the July 1, 2015 through

Mr. Paul Philips
April 12, 2016
Page 3

December 31, 2015 period (ROPS 15-16A). The Agency will report actual payments for ROPS 15-16A and ROPS 15-16B on the ROPS 18-19 form pursuant to HSC section 34186 (a) (1). A prior period adjustment will be applied to the Agency's future RPTTF distribution. Therefore, the Agency should retain any difference in unexpended RPTTF.

Please refer to the ROPS 16-17 schedule used to calculate the total RPTTF approved for distribution:

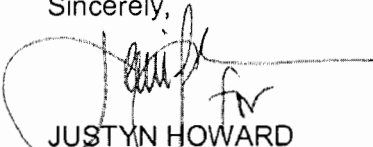
<http://www.dof.ca.gov/redevelopment/ROPS>

Absent a Meet and Confer, this is Finance's determination related to the enforceable obligations reported on your ROPS for the period July 1, 2016 through June 30, 2017. This determination only applies to items when funding was requested for the 12-month period. Finance's determination is effective for this time period only and should not be conclusively relied upon for future ROPS periods. All items listed on a future ROPS are subject to review and may be denied even if it was not denied on this ROPS or a preceding ROPS. The only exception is for items that have received a Final and Conclusive determination from Finance pursuant to HSC section 34177.5 (i). Finance's review of Final and Conclusive items is limited to confirming the scheduled payments as required by the obligation.

The amount available from the RPTTF is the same as the amount of property tax increment available prior to the enactment of the redevelopment dissolution statutes. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax is limited to the amount of funding available to the Agency in the RPTTF.

Please direct inquiries to Kylie Oltmann, Supervisor, or Zuber Tejani, Lead Analyst at (916) 445-1546.

Sincerely,


JUSTYN HOWARD
Program Budget Manager

cc: Ms. Susan Paragas, Controller, City of Industry
Ms. Kristina Burns, Manager, Department of Auditor-Controller, Los Angeles County

Attachment

Approved RPTTF Distribution			
For the period of July 2016 through June 2017			
	ROPS A Period	ROPS B Period	Total
Requested RPTTF (excluding administrative obligations)	\$ 55,869,112	\$ 81,022,086	\$ 136,891,198
Requested Administrative RPTTF	0	0	0
Total RPTTF requested for obligations on ROPS 16-17	55,869,112	81,022,086	\$ 136,891,198
Adjustment to Agency Requested RPTTF (Items 283-288)	(55,869,112)	0	(55,869,112)
Adjustment to Agency Requested Administrative RPTTF	0	0	0
Total RPTTF adjustments	(55,869,112)	0	\$ (55,869,112)
Total RPTTF requested	0	81,022,086	81,022,086
Total Administrative RPTTF authorized	0	0	\$ 0
Total RPTTF approved for distribution	0	81,022,086	\$ 81,022,086



Attachment B

DOF Determination Letter, Dated May 17, 2016



May 17, 2016

Mr. Paul Philips, City Manager
City of Industry
15625 E Stafford Street
City of Industry, CA 91744

Dear Mr. Philips:

Subject: 2016-17 Annual Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated April 12, 2016. Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Industry Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule for the period of July 1, 2016 through June 30, 2017 (ROPS 16-17) to Finance on January 29, 2016. Finance issued a ROPS determination letter on April 12, 2016. Subsequently, the Agency requested a Meet and Confer session on one or more of the determinations made by Finance. The Meet and Confer session was held on April 26, 2016.

Based on a review of additional information and documentation provided to Finance during the Meet and Confer process, Finance has completed its review of the specific determinations being disputed.

- Item Nos. 99 and 100 – Landscaping Baker Slopes using various vendors for payments totaling \$42,000. During the Meet and Confer process, the Agency noted that they inadvertently requested the incorrect funding source. Therefore, we have changed the funding source from Bond Proceeds to Other Funds.
- Item Nos. 206 and 281 – Materials, consulting services, and utility installation costs totaling \$13,929,600 of Other Funds for the ROPS 16-17 period. Finance continues to reduce funding for this item to \$0. Finance determined the Industry Business Center 2005 Lease Agreement (2005 Lease) is an enforceable obligation per our letter dated February 20, 2013. As part of the 2005 Lease the former redevelopment agency (RDA) agreed to be responsible for specific public improvements.

However, Finance initially denied these items because contracts for these services have not been executed and/or properly approved. Based on information provided during the Meet and Confer process, it is our understanding the utility companies involved in these two projects, Southern California Edison and Industry Public Utilities Commission, will have agreements prepared later this summer. Once agreements have been executed, the Agency should list them on the amended ROPS 16-17 or a future ROPS for funding. Therefore, the amount of Other Funds for these items is reduced to \$0.

- Item No. 253 – Industry East Traffic Mitigation Improvement costs totaling \$1,500,000 of Other Funds for the ROPS 16-17 period. Finance continues to reduce funding for this item to \$0. Finance previously determined the 2005 Lease is an enforceable obligation per our letter dated February 20, 2013. As part of the 2005 Lease, the RDA agreed to be responsible for specific public improvements. The project is a large development and is affecting surrounding cities.

During the Meet and Confer process, the Agency provided an executed professional services agreement with RKA Consulting Group for \$1,049,405 for design and preparation of street intersection plans dated March 10, 2015. The scope of services includes six intersections and five out of the six intersections are located outside of the City of Industry in other cities, such as the City of Walnut. According to the Agency, the City of Walnut does not have the money to pay for their share of the mitigation projects required by the California Environmental Quality Act (CEQA). As a result, the Agency stated that they are taking on the responsibility of intersection improvements in other cities and cited CEQA as the agreement requiring it to construct the improvements. However, the Industry Business Center Environmental Impact Report (EIR) states that some improvements are located outside the jurisdiction of the City of Industry and would require the cooperation and funding of other agencies, including but not limited to Caltrans, County of Los Angeles and Cities of Diamond Bar, Pomona, West Covina, and Walnut. There are currently no agreements in place with the other cities to have them provide funding for the improvements and there is no obligation in the EIR specifying that the Agency is to fund the improvements from its own resources. Therefore, the \$1,500,000 requested in Other Funds is not eligible for the ROPS 16-17 period.

- Item No. 276 – Property landscape maintenance cost in the amount of \$228,000 of Other Funds for the ROPS 16-17 period. Finance continues to partially allow this item. During the Meet and Confer process, the Agency provided additional clarification on the Marina Landscape Maintenance, Inc. Agreement (Agreement) dated January 21, 2015. The Agency contended that the total Agreement amount of \$445,290 includes irrigation repair/replacement and landscape replacement costs, in addition to the monthly maintenance fee. However, HSC section 34177.3 (b) specifically excludes planning, redesign or design, demolition, alteration, or construction, construction financing, site remediation, site development or improvement, land clearances, and seismic retrofits from the work of winding down the former RDA. The irrigation repair/replacement and landscape replacement costs are considered construction or alterations, which are specifically excluded and are not enforceable obligations.

Therefore, the monthly maintenance cost of \$14,350, or \$172,200 annually, is being approved for the ROPS 16-17 period. As such, the excess of \$55,800 (\$228,000 - \$172,200) is not eligible for funding. Specifically, \$38,900 for the July 1, 2016 through December 31, 2016 (ROPS A) period and \$16,900 for the January 1, 2017 through June 30, 2017 (ROPS B) is not allowed.

In addition, per Finance's letter dated April 12, 2016, we continue to make the following determinations not contested by the Agency during the Meet and Confer:

- Item Nos. 164 and 195 – Materials, consulting services, and utility installation costs totaling \$390,504 of Other Funds for the ROPS 16-17 period are not allowed. Finance determined the Industry Business Center 2005 Lease Agreement (2005 Lease) is an

enforceable obligation per our letter dated February 20, 2013. As part of the 2005 Lease the former redevelopment agency (RDA) agreed to be responsible for specific public improvements. However, contracts for these services have not been executed and/or properly approved; therefore, these items are not eligible for Other Funds at this time. Once contracts have been executed and approved by the Oversight Board and Finance, the Agency should list them on future ROPS for funding.

- Item No. 269 – Property Maintenance costs in the amount of \$1,472,000 from Other Funds is partially allowed for ROPS 16-17. HSC section 34171 (d) (1) (F) states that agreements necessary for the administration or operation of the Agency, such as the cost of maintaining assets prior to disposition, are enforceable obligations. However, Finance approved the Agency's Long-Range Property Management Plan (LRPMP) on February 21, 2014, which directs several of the properties listed on the LRPMP to be transferred to the City of Industry for governmental use. As such, maintenance costs associated with the Workman and Temple Family Homestead Museum in the amount of \$378,000 and other various unidentified properties in the amount of \$39,500, totaling \$417,500 are not allowed for ROPS 16-17.
- Item Nos. 283 through 288 – 2015 Tax Allocation Revenue Refunding Bonds in the ROPS A period totaling \$55,869,112. The Agency requested funding for these obligations in error and requests to reduce funding to zero. Specifically, the funding necessary to service these bonds was distributed to the Agency during the ROPS 15-16B period. As a result, RPTTF funding for the ROPS A period has been decreased by \$55,869,112.
- Item No. 289 – Mass grading costs in the amount of \$38,000,000 from Other Funds is partially allowed. The contract provided by the Agency indicates the mass grading cost is \$30,237,655; therefore, the excess \$7,762,345 is not an enforceable obligation and not eligible for Other Funds for the ROPS B period.
- Item Nos. 116 through 118, 120 through 123, 126 through 128, 132 through 134, 226, 229, 294, and 295 – Various construction projects totaling \$27,583,960 funded with Bond Proceeds. The Agency received a Finding of Completion on May 9, 2016 and is allowed to expend bond proceeds derived from bonds issued prior to January 1, 2011 (pre-2011 bond proceeds) in a manner consistent with the bond covenants. Our approval is specifically limited to the use of excess pre-2011 bond proceeds pursuant to HSC section 34191.4 (c) (1). Therefore, we have changed the various Obligation types to "Bond Funded Project – Pre-2011" Such approval, however, should not be construed as approval of the projects themselves as enforceable obligations.

Except for the items denied in whole or in part or the items that have been adjusted, Finance is not objecting to the remaining items listed on your ROPS 16-17.

The Agency's maximum approved RPTTF distribution for the reporting period is \$81,022,086 as summarized in the Approved RPTTF Distribution Table on Page 5 (See Attachment).

ROPS distributions will occur twice annually, one distribution for the ROPS A period, and one distribution for the ROPS B period based on Finance's approved amounts. Since Finance's determination is for the entire ROPS 16-17 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

Mr. Paul Philips
May 17, 2016
Page 4

On the ROPS 16-17 form, the Agency was not required to report the estimated obligations versus actual payments (prior period adjustment) associated with the July 1, 2015 through December 31, 2015 period (ROPS 15-16A). The Agency will report actual payments for ROPS 15-16A and ROPS 15-16B on the ROPS 18-19 form pursuant to HSC section 34186 (a) (1). A prior period adjustment will be applied to the Agency's future RPTTF distribution. Therefore, the Agency should retain any difference in unexpended RPTTF.

Please refer to the ROPS 16-17 schedule used to calculate the total RPTTF approved for distribution:

<http://www.dof.ca.gov/redevelopment/ROPS>

This is Finance's determination related to the enforceable obligations reported on your ROPS for the period July 1, 2016 through June 30, 2017. This determination only applies to items when funding was requested for the 12-month period. Finance's determination is effective for this time period only and should not be conclusively relied upon for future ROPS periods. All items listed on a future ROPS are subject to review and may be denied even if it was not denied on this ROPS or a preceding ROPS. The only exception is for items that have received a Final and Conclusive determination from Finance pursuant to HSC section 34177.5 (i). Finance's review of Final and Conclusive items is limited to confirming the scheduled payments as required by the obligation.

The amount available from the RPTTF is the same as the amount of property tax increment available prior to the enactment of the redevelopment dissolution statutes. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax is limited to the amount of funding available to the Agency in the RPTTF.

Please direct inquiries to Evelyn Suess, Dispute Resolution Supervisor, or Michael Barr, Analyst, at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
Program Budget Manager

cc: Ms. Susan Paragas, Controller, City of Industry
Ms. Kristina Burns, Manager, Department of Auditor-Controller, Los Angeles County

Attachment

Approved RPTTF Distribution			
For the period of July 2016 through June 2017			
	ROPS A Period	ROPS B Period	Total
Requested RPTTF (excluding administrative obligations)	\$ 55,869,112	\$ 81,022,086	\$ 136,891,198
Requested Administrative RPTTF	0	0	0
Total RPTTF requested for obligations on ROPS 16-17	55,869,112	81,022,086	\$ 136,891,198
Adjustment to Agency Requested RPTTF (Items 283-288)	(55,869,112)	0	(55,869,112)
Adjustment to Agency Requested Administrative RPTTF	0	0	0
Total RPTTF adjustments	(55,869,112)	0	\$ (55,869,112)
Total RPTTF requested	0	81,022,086	81,022,086
Total Administrative RPTTF authorized	0	0	\$ 0
Total RPTTF approved for distribution	0	81,022,086	\$ 81,022,086

*OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE
INDUSTRY URBAN-DEVELOPMENT AGENCY*

ITEM NO. 5.4



CLIENT MEMORANDUM

TO: OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY

FROM: VARNER & BRANDT LLP

SUBJECT: TRANSMITTAL OF NOVEMBER 1, 2016 OVERSIGHT BOARD MEETING AGENDA ITEM #5.4

DATE: OCTOBER 25, 2016

The following memorandum provides the members of the Oversight Board (“Oversight Board”) to the Successor Agency to the Industry Urban-Development Agency (“Successor Agency”) with pertinent information in order for each Board Member to make an informed decision on the matters before the Oversight Board.

Agenda Item No.: 5.4

Subject: Approval of Purchase and Sale Agreement; Disposition of Property. Approval of the Successor Agency’s execution of a purchase and sale agreement with PRL Glass Systems, Inc., a California corporation (the “Purchaser”).

Request by Successor Agency: Successor Agency requests that the Oversight Board approve the execution of a purchase and sale agreement with the Purchaser concerning the sale and disposition of certain real property located at 13530 Nelson Avenue, City of Industry (the “Property”) and identified as Asset No. 10 in the Successor Agency’s approved long-range property management plan (“LRPMP”).

Legislative Authority of the Oversight Board:

1. *California Health and Safety Code Section 34177(e):* The Successor Agency must dispose of assets and properties of the former redevelopment agency as directed by the Oversight Board; provided, however that the Oversight Board may direct the Successor Agency to transfer ownership of certain assets pursuant to Section 34181(a). The disposal of the assets and properties is to be completed expeditiously and in a manner aimed at maximizing value.
2. *California Health and Safety Code Section 34177(h):* The Successor Agency must expeditiously wind down the affairs of the Former Agency in accordance with the direction of the Oversight Board.
3. *California Health and Safety Code Section 34181(a):* The Oversight Board must direct the Successor Agency to dispose of all assets and properties of the former redevelopment

agency; provided, however that the Oversight Board may instead direct the Successor Agency to transfer ownership of those assets constructed and used for a governmental purpose, such as roads, school buildings, parks, police and fire stations, libraries, parking facilities and lots dedicated solely to public parking and local agency administrative buildings, to the appropriate public jurisdiction pursuant to any existing agreements relating to this construction or use of such an asset. The Successor Agency must dispose of assets and property expeditiously and in a manner aimed at maximizing value.

4. *California Health and Safety Code Section 34191.3*: The disposition authority of the Successor Agency and the Oversight Board under Sections 34177(e) and 34181(a), respectively, is suspended, except as to transfers for governmental use, until the Department of Finance has approved a long-range property management plan, at which point the long-range property management plan will govern the disposition and use of real property assets of the former redevelopment agency.

Application: The Successor Agency must dispose of assets and properties of the former redevelopment agency in accordance with the direction of the Oversight Board. (HSC Sections 34177(e), 34181(a).) Approval of the Successor Agency's LRPMP occurred on February 21, 2014. The LRPMP identifies the Property as a "For Sale" property. Any disposition of property, whether governmental purpose or otherwise, must be done expeditiously and in a manner aimed at maximizing value. (HSC Sections 34177(e), 34181(a))

The Property is identified as Property No. 10 on the LRPMP and consists of approximately 2.08 acres of vacant land. The Property is located in a mixed-use area and currently zoned as industrial, which allows a wide range of permitted uses, including manufacturing, storage/warehousing and distribution.

The Successor Agency originally retained Stephen G. White, MAI ("Appraiser") to determine the value of the Property. An appraisal was conducted on or about April 30, 2015 and a corresponding appraisal report prepared by the Appraiser. A copy of the appraisal report was previously provided to each member of the Oversight Board as well as Jim Rabe of Keyser Marston. The Appraiser determined the market value of the Property to be in a range between \$2,540,000 and \$2,720,000.

The Successor Agency staff posted the Property for sale on its website on April 2, 2016 and accepted bids until May 2, 2016. The Successor Agency received two bids for the Property. One bid was from the Purchaser, who owns adjacent property and intends to acquire the Property to expand its operations and build a new industrial tilt up building. The Purchaser's offer was \$2,718,144.00. The second bid was from Pacific Eastern Properties, LLC ("Pacific"), who also owns adjacent property. Pacific's letter of intent indicated the goal of constructing an 80,000 square foot concrete tilt up for further expansion of Pacific's operations. The offer from Pacific was \$2,939,958.00.

Successor Agency staff indicated that after meeting with Pacific about its intended development of the Property, Pacific revised its development plan from construction of a new building to construction of an additional parking lot. Pacific's revised development plan eliminates the

original benefits that would result from Pacific's expansion, namely the projected creation of 30-40 new employees.

Based on date of the appraisal, the Oversight Board members may consider discussing and/or requesting an update from Successor Agency staff and/or Jim Rabe regarding whether there have been any changes to the Property that may warrant an updated appraisal. The Oversight Board may also consider requesting additional information from Successor Agency staff concerning the selection of the Purchaser's bid.

The Purchaser's offer of \$2,718,144.00 is within the range of the fair market value determined by the Appraiser. The Purchaser submitted an initial \$100,000.00 deposit with its bid for the Property. The proposed Purchase Agreement provides that within 10 days of opening escrow an additional deposit of \$171,814.40 is required, which deposit, together with the initial deposit, shall be non-refundable 30 days after opening escrow. The proposed agreement requires the Purchaser to reimburse the Successor Agency for the costs associated with the appraisal and the Successor Agency's legal fees, not to exceed \$15,000.00. The Purchaser is provided with a 60 day due diligence period and the closing of the transaction will occur 30 days thereafter. The Purchaser is required to develop the Property within 24 months of the closing. If development does not occur within the 24 month period, the City of Industry has the right to purchase the Property. The sale of the Property is made on an "AS IS" basis and includes a full release of claims and indemnity naming the Successor Agency and the Oversight Board.

RESOLUTION NO. OB 2016-26

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY, THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF INDUSTRY, APPROVING AND AUTHORIZING THE EXECUTION OF A PURCHASE AND SALE AGREEMENT FOR THE SALE AND DISPOSITION OF CERTAIN REAL PROPERTY LOCATED AT 13530 NELSON AVENUE, CITY OF INDUSTRY, CALIFORNIA

WHEREAS, the Successor Agency to the Industry Urban-Development Agency was formed in accordance with California Health and Safety Code Section 34173 (“Successor Agency”); and

WHEREAS, the Oversight Board (“Oversight Board”) of the Successor Agency was established pursuant to California Health and Safety Code Section 34179; and

WHEREAS, the Successor Agency must dispose of assets and properties of the former redevelopment agency as directed by the Oversight Board pursuant to California Health and Safety Code Section 34177(e); and

WHEREAS, the Oversight Board must direct the Successor Agency to dispose of all assets and properties of the former redevelopment agency pursuant to California Health and Safety Code Section 34181(a); and

WHEREAS, the Successor Agency is not permitted to dispose of any real property assets of the former redevelopment agency, except governmental use assets, until the Department of Finance (“DOF”) approves the Successor Agency’s long-range property management plan (“LRPMP”) pursuant to California Health and Safety Code Section 34191.3; and

WHEREAS, on February 21, 2014, the DOF issued an approval notice approving the Successor Agency’s LRPMP (“Determination Letter”); and

WHEREAS, upon receiving DOF approval of the LRPMP, the LRPMP governs and supersedes all other provisions relating to the disposition and use of real property assets of the former redevelopment agency pursuant to California Health and Safety Code Section 34191.3; and

WHEREAS, the Successor Agency owns certain real property located at 13530 Nelson Avenue, City of Industry, which property is identified on the LRPMP as Property No. 10 as a “for sale” property (the “Property”); and

WHEREAS, the Successor Agency intends to sell the Property to PRL Glass Systems, Inc., a California corporation (“Purchaser”) for a purchase price of \$2,718,144.00, which represents an amount within the range of the fair market value of the Property, as determined by an appraisal performed by Stephen G. White, MAI, on April 30, 2015, and

WHEREAS, the sale of the Property by Successor Agency to the Purchaser in accordance with the terms of a purchase and sale agreement (the “Purchase Agreement”), a copy of which has been made available to the Oversight Board for inspection and is attached hereto as Exhibit A; and

WHEREAS, the Oversight Board has determined that the approval of the sale and disposition of the Property pursuant to the Purchase Agreement is consistent with the terms of the approved LRPMP under Health and Safety Code Section 34181(a) and 34191.3, and is consistent with the obligation of the Successor Agency to wind down the affairs of the former redevelopment agency in accordance with California Health and Safety Code Section 34177(h); and

WHEREAS, California Health and Safety Code Section 34179(e) requires the Oversight Board to adopt resolutions for any action taken by the Oversight Board.

NOW, THEREFORE, BE IT RESOLVED by the Oversight Board as follows:

Section 1. **Approval of Purchase Agreement; Disposition of the Property.** The Oversight Board hereby approves the sale and disposition of the Property in accordance with the terms of the approved LRPMP and the Purchase Agreement.

Section 2. **Authorization of Successor Agency.** Upon approval of this resolution (“Resolution”) by the California Department of Finance, the Oversight Board authorizes and directs the Executive Director and/or Assistant Secretary of the Successor Agency, jointly and severally, to execute and deliver the Purchase Agreement, in substantially the form made available to the Oversight Board for inspection, and any and all other documents which they may deem necessary or advisable in order to effectuate the approval of the Resolution.

Section 3. **Delivery to the California Department of Finance.** The Oversight Board hereby authorizes and directs the Secretary of the Oversight Board to electronically deliver a copy of this Resolution to the California Department of Finance in accordance with California Health and Safety Code Section 34179(h).

Section 4. **Other Actions.** The Oversight Board hereby authorizes and directs the Chairman, Vice Chairman and/or Secretary of the Oversight Board, jointly and severally, to do any and all things and to execute and deliver any and all documents which they may deem necessary or advisable in order to effectuate the purposes of this Resolution, and such actions previously taken by such officers are hereby ratified and confirmed.

Section 5. **Effect.** This Resolution shall take effect in accordance with California Health and Safety Code Section 34179(h).

PASSED, APPROVED AND ADOPTED by the Oversight Board at a duly noticed meeting of the Oversight Board held on November 1, 2016, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

By: _____
Santos H. Kreimann, Chairman
Oversight Board of the Successor Agency
to the Industry Urban-Development Agency

ATTEST:

Diane M. Schlichting, Secretary
Oversight Board of the Successor Agency
to the Industry Urban-Development Agency

RESOLUTION NO. OB 20016-26
ATTACHMENT A
PURCHASE AGREEMENT
[ATTACHED BEHIND THIS PAGE]

PURCHASE AGREEMENT

13530 NELSON AVENUE

“The Property”

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

PRL GLASS SYSTEMS, INC.,
a California corporation
“Developer”

_____, 2016

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**PURCHASE AGREEMENT
[13530 NELSON AVENUE]**

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

RECITALS

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

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

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

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

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

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

**ARTICLE 1
DEFINITIONS**

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

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

1.1.2 Agreement means this Purchase Agreement.

1.1.3 Approved Exceptions is defined in Section 2.5.1.

1.1.4 Breach Notice is defined in Section 5.7.

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

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

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

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

1.1.9 Commencement Date is defined in Section 3.1.1.

1.1.10 Completion Date is defined in Section 3.1.1.

1.1.11 Default is defined in Section 6.2.

1.1.12 Deposit is defined in Section 2.2.1.

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

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

1.1.15 Escrow is defined in Section 2.3.1.

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

1.1.17 Grant Deed is defined in Section 2.5.2.

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

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

1.1.19 Holder is defined in Section 4.2.2.

1.1.20 Improvements means the improvements described in Section 3.1.1.

1.1.21 Outside Date is defined in Section 2.3.2.

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

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

1.1.24 Project is defined in Recital B.

1.1.25 Property is defined in Recital A.

1.1.26 Purchase Price is defined in Section 2.1.

1.1.27 Released Parties is defined in Section 2.7.

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

1.1.29 Title Company is defined in Section 2.5.3.

1.1.30 Title Policy is defined in Section 2.5.3.

1.1.31 Title Report is defined in Section 2.5.1.

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

ARTICLE 2 PURCHASE AND SALE OF THE PROPERTY

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

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

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

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

2.3 Escrow.

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

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

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

2.3.3 Delivery of Closing Documents.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2.5 Condition of Title; Title Insurance.

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

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

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

2.6 Escrow and Title Charges; Prorations.

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

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

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

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

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

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

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

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

Developer's Initials

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

2.8 Environmental Condition of the Property

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

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

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

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

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

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

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

2.9 Escrow Holder.

2.9.1 Escrow Holder is authorized and instructed to:

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

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

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

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

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

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

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

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

ARTICLE 3 DEVELOPMENT OF THE PROPERTY

3.1 Scope of Development.

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

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

3.1.3 Delivery of “Development Documents”

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

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

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

(iii) A preliminary budget for construction of improvements;

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

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

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

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

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

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

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

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

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

3.7 Certificate of Completion.

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

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

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

ARTICLE 4 LIMITATIONS ON TRANSFERS AND SECURITY INTERESTS

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

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

4.2 Security Financing; Right of Holders.

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

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

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

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

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

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

ARTICLE 5 USE OF THE PROPERTY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 6

EVENTS OF DEFAULT, REMEDIES AND TERMINATION

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

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

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

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

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

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

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

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

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

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

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

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

6.3 Remedies in the Event of Default.

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

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

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

Agency

Developer

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

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

6.5 Legal Actions.

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

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

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

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

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

**ARTICLE 7
GENERAL PROVISIONS**

7.1 Insurance.

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

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

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

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

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

7.2 Indemnity.

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

- (a) the Developer's use, ownership, management, occupancy, or possession of the Property;
- (b) any breach or Default of the Developer hereunder;

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

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

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

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

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

Agency: Paul Philips, Executive Director
Successor Agency to the
Industry Urban-Development Agency
15625 East Stafford Street, Suite 100
City of Industry, California 91744
Phone: (626) 333-2211
Email: paul@cityofindustry.org

with a copy to: James M. Casso, City Attorney
Casso & Sparks, LLP
13200 Crossroads Parkway North, Suite 345
City of Industry, California 91746
Phone: (626) 269-2980
Email: jcasso@cassosparks.com

Developer: David Landeros, Chief Executive Officer
PRL Glass Systems, Inc.
13644 Nelson Avenue East
City of Industry, California 91746
Phone: (626) 961-5890
Email: davidl@prlglass.com

with a copy to: David R. Altshuler, Esq.,
865 Via de la Paz #300
Pacific Palisades, California 90272
Phone: (310) 454-9757
Email: dra@drataxlaw.com

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

[SIGNATURES NEXT PAGE]

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

AGENCY

SUCCESSOR AGENCY TO THE
INDUSTRY URBAN-DEVELOPMENT
AGENCY

By: _____
Mark D. Radecki, Chairman

DEVELOPER

PRL GLASS SYSTEMS, INC.
a California corporation

By: _____
Name: _____
Title: _____

ATTEST:

Diane M. Schlichting, Assistant Secretary

APPROVED AS TO FORM:

James M. Casso, Agency General Counsel

LIST OF EXHIBITS

- Exhibit "A" Legal Description of the Property
- Exhibit "B" Schedule of Performance
- Exhibit "C" Form of Grant Deed
- Exhibit "D" Improvements
- Exhibit "E" Form of Certificate of Completion
- Exhibit "F" List of Environmental Documents

EXHIBIT "A"

LEGAL DESCRIPTION OF THE PROPERTY

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

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

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

APN: 8562-016-901

EXHIBIT "B"

SCHEDULE OF PERFORMANCE

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

EXHIBIT "C"

FORM OF GRANT DEED

RECORDING REQUESTED BY:

FIRST AMERICAN TITLE INSURANCE COMPANY

AND WHEN RECORDED RETURN TO:

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

GRANT DEED

Documentary Transfer Tax: \$ _____

THE UNDERSIGNED GRANTOR DECLARES:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

[Signatures appear on next page.]

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

GRANTOR:

SUCCESSOR AGENCY TO THE INDUSTRY
URBAN-DEVELOPMENT AGENCY

By: _____
Name: _____
Title: _____

ATTEST:

Diane Schlichting, Assistant Secretary

GRANTEE:

PRL GLASS SYSTEMS, INC.,
a California corporation

By: _____
Name: _____
Title: _____

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

State of California)
County of Los Angeles)

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

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

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

WITNESS my hand and official seal.

Signature _____

(Seal)

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

State of California)
County of Los Angeles)

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

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

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

WITNESS my hand and official seal.

Signature _____

(Seal)

Exhibit A

LEGAL DESCRIPTION

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

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

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

APN: 8562-016-901

EXHIBIT "D"

IMPROVEMENTS

INCLUDE A DESCRIPTION OF IMPROVEMENTS TO BE CONSTRUCTED

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

EXHIBIT "E"

FORM OF CERTIFICATE OF COMPLETION

RECORDING REQUESTED BY:

First American Title Insurance Company

AND WHEN RECORDED RETURN TO:

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

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

CERTIFICATE OF COMPLETION

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

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

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

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

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

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

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

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

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

SUCCESSOR AGENCY TO THE
INDUSTRY URBAN-DEVELOPMENT AGENCY

By: _____
Name: _____
Title: _____

ATTEST:

Assistant Secretary

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

State of California)
County of Los Angeles)

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

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

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

WITNESS my hand and official seal.

Signature _____

(Seal)

EXHIBIT "F"

LIST OF ENVIRONMENTAL DOCUMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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