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

## SPECIAL MEETING AGENDA MAY 12, 2015 10:00 A.M.

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

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### **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](http://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 of Resolution No. OB 2015-06 - 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 OVERSIGHT BOARD'S MINUTES FOR THE FEBRUARY 24, 2015 SPECIAL MEETING.

*RECOMMENDED ACTION: Adopt Resolution No. OB 2015-06.*

- 5.2 Consideration 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 2015-07 - 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 SALE OF TWO TRUCKS.

*RECOMMENDED ACTION: Adopt Resolution No. OB 2015-07.*

- 5.4 Consideration of Resolution No. OB 2015-08 - 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 111 HUDSON STREET.

*RECOMMENDED ACTION: Adopt Resolution No. OB 2015-08.*

- 5.5 Discussion relative to The Hoffman Company providing services to the Successor Agency to the Industry Urban-Development Agency to market the Tres Hermanos property.

*RECOMMENDED ACTION: Approve the selection of The Hoffman Company, and authorize the Executive Director of the Successor Agency to proceed with finalizing an Agreement with The Hoffman Company.*

6. Adjournment. Next regular Oversight Board meeting will be Tuesday, June 2, 2015 at 3:30 p.m..

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

ITEM NO. 5.1

**RESOLUTION NO. OB 2015-06**

**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 OVERSIGHT BOARD'S MINUTES FOR THE FEBRUARY 24, 2015 SPECIAL MEETING**

**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 Oversight Board Secretary or designee has prepared and submitted the minutes for the February 24, 2015 Special Meeting to the Oversight Board for consideration and approval, in substantially the form attached hereto as Exhibit A; and

**WHEREAS**, the Oversight Board has determined that the approval of the minutes is both proper and necessary; 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 Minutes.** The Oversight Board hereby approves and adopts the minutes for the February 24, 2015 Special Meeting of the Oversight Board, in substantially the form attached hereto as Exhibit A.

**Section 2. Other Actions.** The Oversight Board hereby authorizes and directs the Chairman, Vice-Chairman and/or Secretary or 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.

**PASSED, APPROVED AND ADOPTED** by the Oversight Board at a duly noticed meeting of the Oversight Board held on May 5, 2015, 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 2015-06**

**EXHIBIT A**

**FEBRUARY 24, 2015 OVERSIGHT BOARD MINUTES**

**[ATTACHED BEHIND THIS PAGE]**

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

The Special Meeting of the Oversight Board of the Successor Agency to the Industry Urban-Development Agency was called to order by Chairman Santos Kreimann at 3:31 p.m., in the City of Industry Council Chamber, 15651 East Stafford Street, California.

**FLAG SALUTE**

The flag salute was led by Chairman Santos Kreimann.

**ROLL CALL**

**PRESENT:** Santos Kreimann, Chairman  
Ron Cipriani, Vice Chairman  
Yolanda Duarte, Board Member  
Michael Gregoryk, Board Member  
Gerry Hertzberg, Board Member  
Deo Persaud, Board Member  
Kevin Radecki, Board Member

**STAFF PRESENT:** Sean Varner, Oversight Board Counsel, and Diane M. Schlichting, Secretary.

**PUBLIC COMMENTS**

There were no public comments.

**CONSIDERATION OF RESOLUTION NO. OB 2015-01 - 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 OVERSIGHT BOARD'S MINUTES FOR THE DECEMBER 11, 2014 SPECIAL MEETING**

**MOTION BY VICE CHAIRMAN CIPRIANI, AND SECOND BY BOARD MEMBER DUARTE TO ADOPT RESOLUTION NO. OB 2015-01. MOTION CARRIED 7-0.**

**CONSIDERATION OF THE ANNUAL AUDITED FINANCIAL STATEMENTS, INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND COMPLIANCE, AND ON COMPLIANCE AND OTHER MATTERS, AUDITOR'S COMMUNICATIONS WITH THE BOARD OF DIRECTORS OF THE**

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**SUCCESSOR AGENCY TO THE INDUSTRY-URBAN DEVELOPMENT AGENCY FOR THE YEAR END JUNE 30, 2014, AND THE CONTINUING ANNUAL DISCLOSURE REPORT**

Mr. Dean Yamagata, Partner with Frazer, LLP, contracted to run the Finance Department for the City and Agency, presented a report and responded to questions from Members of the Oversight Board.

MOTION BY BOARD MEMBER GREGORYK, AND SECOND BY VICE CHAIRMAN CIPRIANI TO RECEIVE AND FILE THE REPORTS. MOTION CARRIED 7-0.

**CONSIDERATION OF THE INDUSTRY BUSINESS CENTER PROJECT SUMMARY REPORT FOR THE SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY**

Mr. Dean Yamagata, Partner with Frazer, LLP, contracted to run the Finance Department for the City and Agency, presented a report and responded to questions from Members of the Oversight Board.

Mr. John Ballas, City of Industry Engineer, responded to questions from Members of the Oversight Board.

MOTION BY VICE CHAIRMAN CIPRIANI, AND SECOND BY BOARD MEMBER RADECKI TO RECEIVE AND FILE THE REPORT. MOTION CARRIED 7-0.

**PROJECTED CASH FLOW FOR INDUSTRY BUSINESS CENTER AND PROJECTS TO BE FUNDED BY OTHER FUNDS FOR THE SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY**

Mr. Dean Yamagata, Partner with Frazer, LLP, contracted to run the Finance Department for the City and Agency, presented a report and responded to questions from Members of the Oversight Board.

Mr. John Ballas, City of Industry Engineer, provided additional information and responded to questions from Members of the Oversight Board.

MOTION BY BOARD MEMBER GREGORYK, AND SECOND BY BOARD MEMBER HERTZBERG TO RECEIVE AND FILE THE REPORT. MOTION CARRIED 7-0.



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**CONSIDERATION OF THE SUCCESSOR AGENCY'S LONG RANGE PROPERTY MANAGEMENT PLAN - PROPERTY INVENTORY LISTING**

Mr. Dean Yamagata, Partner with Frazer, LLP, contracted to run the Finance Department for the City and Agency, presented a report and responded to questions from Members of the Oversight Board.

Mr. Reg Bottger of CNC Engineering, responded to questions from Members of the Oversight Board.

MOTION BY VICE CHAIRMAN CIPRIANI, AND SECOND BY BOARD MEMBER DUARTE TO RECEIVE AND FILE THE REPORT. MOTION CARRIED 7-0.

**CONSIDERATION OF THE BUDGET VS. ACTUAL DISBURSEMENT COMPARISON - ROPS 14-15A FOR THE SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY**

Mr. Dean Yamagata, Partner with Frazer, LLP, contracted to run the Finance Department for the City and Agency, presented a report and responded to questions from Members of the Oversight Board.

Mr. John Ballas, City of Industry Engineer, provided additional information and responded to questions from Members of the Oversight Board.

MOTION BY BOARD MEMBER GREGORYK, AND SECOND BY VICE CHAIRMAN CIPRIANI TO RECEIVE AND FILE THE REPORT. MOTION CARRIED 7-0.

**CONSIDERATION OF THE BUDGET VS. ACTUAL DISBURSEMENT COMPARISON - ROPS 14-15B FOR THE SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY**

Mr. Dean Yamagata, Partner with Frazer, LLP, contracted to run the Finance Department for the City and Agency, presented a report.

MOTION BY VICE CHAIRMAN CIPRIANI, AND SECOND BY BOARD MEMBER RADECKI TO RECEIVE AND FILE THE REPORT. MOTION CARRIED 7-0.

**CONSIDERATION OF RESOLUTION NO. OB 2015-02 - A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE INDUSTRY URBAN-**

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**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 15130 NELSON AVENUE**

Mr. Reg Bottger of CNC Engineering presented a report and responded to questions from Members of the Oversight Board.

Chairman Kreimann asked Mr. Jim Rabe if he would confirm that he was in agreement with the terms of the Purchase and Sale Agreement. Mr. Rabe, Principal with Keyser Marston Associates, approached the podium and concurred with the terms of the Agreement.

MOTION BY BOARD MEMBER HERTZBERG, AND SECOND BY VICE CHAIRMAN CIPRIANI TO ADOPT RESOLUTION NO. OB 2015-02. MOTION CARRIED 7-0.

**CONSIDERATION OF RESOLUTION NO. OB 2015-03 - 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 17201-17301 GALE AVENUE**

Mr. Reg Bottger of CNC Engineering presented a report and responded to questions from Members of the Oversight Board.

MOTION BY BOARD MEMBER GREGORYK, AND SECOND BY BOARD MEMBER RADECKI TO ADOPT RESOLUTION NO. OB 2015-03. MOTION CARRIED 7-0.

**CONSIDERATION OF RESOLUTION NO. OB 2015-04 - 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 17475 GALE AVENUE**

Mr. Reg Bottger of CNC Engineering presented a report and responded to question from Members of the Oversight Board.

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Mr. Jim Grayson, Agency Legal Counsel for the Successor Agency to the Industry Urban-Development Agency, responded to questions from Members of the Oversight Board.

MOTION BY BOARD MEMBER HERTZBERG, AND SECOND BY VICE CHAIRMAN CIPRIANI TO ADOPT RESOLUTION NO. OB 2015-04. MOTION CARRIED 7-0.

**CONSIDERATION OF RESOLUTION NO. OB 2015-05 - 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 RECOGNIZED OBLIGATION PAYMENT SCHEDULE AND THE SUCCESSOR AGENCY ADMINISTRATIVE BUDGET FOR THE PERIOD OF JULY 1, 2015, THROUGH DECEMBER 31, 2015**

Mr. John Ballas, City of Industry Engineer, presented a report and responded to questions from Members of the Oversight Board.

Mr. Dean Yamagata, Partner with Frazer, LLP, contracted to run the Finance Department for the City and Agency, responded to questions from Members of the Oversight Board.

MOTION BY BOARD MEMBER HERTZBERG, AND SECOND BY VICE CHAIRMAN CIPRIANI TO ADOPT RESOLUTION NO. OB 2015-05. MOTION CARRIED 7-0.

**DISCUSSION REGARDING THE LETTER OF INTENT SUBMITTED BY HITCHCOCK COMMERCIAL PROPERTIES TO PURCHASE AGENCY-OWNED PROPERTY LOCATED AT 17647 GALE AVENUE**

Mr. Reg Bottger of CNC Engineering presented a report and responded to questions from Members of the Oversight Board.

Mr. Jim Rabe, Principal with Keyser Marston Associates, responded to questions from Members of the Oversight Board.

The Oversight Board directed Successor Agency staff to negotiate a Purchase and Sale Agreement with Hitchcock Commercial Properties and to bring the Agreement back to the Oversight Board for consideration. Chairman Kreimann requested a roll call:

AYES: BOARD MEMBER DUARTE, BOARD MEMBER HERTZBERG,  
BOARD MEMBER PERSAUD, BOARD MEMBER RADECKI, VICE  
CHAIRMAN CIPRIANI, AND CHAIRMAN KREIMANN

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NOES: NONE

ABSENT: NONE

ABSTAIN: BOARD MEMBER GREGORYK

**DISCUSSION REGARDING THE PROCESS OF SELLING THE TRES HERMANOS PROPERTY**

Mr. Reg Bottger of CNC Engineering presented a report and responded to questions from Members of the Oversight Board.

Mr. Jim Rabe, Principal with Keyser Marston Associates, responded to questions from Members of the Oversight Board.

The Oversight Board directed the Advisory Committee to proceed with requesting Requests for Proposals from brokerage firms to market the Tres Hermanos property.

**CONSIDERATION TO CANCEL THE NEXT REGULAR MEETING SCHEDULED FOR TUESDAY, MARCH 3, 2015 AT 3:30 P.M.**

MOTION BY BOARD MEMBER HERTZBERG, AND SECOND BY VICE CHAIRMAN CIPRIANI TO CANCEL THE MEETING. MOTION CARRIED 7-0.

**ADJOURNMENT**

There being no further business, the Oversight Board of the Successor Agency to the Industry Urban-Development Agency adjourned.

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Santos H. Kreimann, Chairman

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Diane M. Schlichting, Secretary

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

ITEM NO. 5.2

**MEMORANDUM**

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**To: Members of the Oversight Board**

**From: Finance Department**

**Date: April 22, 2015**

**Subject: Status Reports**

Below is summary of the status reports and changes from the prior Oversight Board meeting held in February 2015.

**Pages 3-5 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. The report has been updated to reflect the properties that were pending DOF approval have now been reclassified as properties currently in escrow and the projected closing date of escrow. These properties are highlighted in the color blue.

Property #24 closed escrow in February 2015 for a sales price of \$704,069.

**Page 6 Exhibit 2 Projected Cash Flow For Projects To Be Funded By Other Funds For The Period January 1, 2015 to December 31, 2017**

Exhibit 2 has been updated for changes to the estimated dates of the closing of the land sales during the ROPS periods. There have been no changes in the estimated total cash to be received and have updated the estimated the costs for the Industry Business Center ("IBC").

**Pages 7-9 Exhibit 3 Project Summary Report For The Period January 1, 2015 to June 30, 2015**

Exhibit 3 has been updated to reflect expenditures of \$11,089,289.23 spent on the projects and other costs for the period February 12, 2015 to April 8, 2015.

**Pages 10-13 Exhibit 4 Budget vs Actual Expenditures ROPS 14-15B Period  
 January 1 to June 30, 2015**

Exhibit 4 shows the comparison of period to date actual expenditures versus the approved amount in ROPS 14-15B for the six months ended June 30, 2015. During the period January 1, 2015 to April 8, 2015 we have spent \$14,943,401.42 on the various projects and other costs below is a summary of the expenditures.

Successor Agency To the Industry Urban-Development Agency  
 Budget vs. Actual Disbursements Comparison ROPS 14-15B  
 Summary Report  
 January 1 Through June 30, 2015

Exhibit 4

Payee	ROPS Line Item	Project #	Remaining Amount Of Estimated Project Expenditures Not Spent From Previous Approved ROPS Periods	Estimated Project Expenditures Approved On ROPS 14-15B	Actual Disbursements Paid During the Period	Remaining Amount Of Estimated Project Expenditures Budgeted For The Period
				Period January 1 to June 30, 2015	Period January 1 to April 8, 2015	Period January 1 to June 30, 2015
<b>Projects To Be Funded From Other Available Funds</b>						
Landscaping Baker Parkway Slopes		MP 99 31 #61	\$ -	\$ 150,000.00	\$ 65,564.37	\$ 84,435.63
Diamond Bar Creek		MP 99-31 #26	-	488,200.00	3,375.75	484,824.25
Industry Business Center		MP 99-31 #16	39,958,055.00	5,423,500.00	13,905,805.20	31,475,749.80
Industry East Traffic Mitigation		MP 99-31 #65	-	713,400.00	10,595.23	702,804.77
City / Agency reimbursement Agreement			-	34,139,500.00	-	34,139,500.00
<b>Total Projects To Be Funded From Other Available Funds</b>			<b>\$ 39,958,055.00</b>	<b>\$ 40,914,600.00</b>	<b>\$ 13,985,340.55</b>	<b>\$ 66,887,314.45</b>
<b>Projects To Be Funded From Bond Proceeds</b>						
Lemon Ave Interchange at Route 60		MP 03-10	-	441,000.00	11,095.24	429,904.76
Route 57/60 Confluence Project		MP 99-31 #22	-	1,635,710.00	266,212.34	1,369,497.66
Westbound Slip On- Ramp 57/60		MP 99-31 #22a	-	2,583,625.00	17,391.00	2,566,234.00
<b>Total Projects To Be Funded From Bond Proceeds</b>			<b>-</b>	<b>\$ 4,660,335.00</b>	<b>\$ 294,698.58</b>	<b>\$ 4,365,636.42</b>
Administration			-	1,138,000.00	663,362.29	474,637.71
Escheated Payment	274		-	-	-	-
Property Maintenance 07-01-2014 through 12-31-2014	269		-	736,000.00	-	736,000.00
<b>Total All Expenditures</b>			<b>\$ 39,958,055.00</b>	<b>\$ 47,448,935.00</b>	<b>\$ 14,943,401.42</b>	<b>\$ 72,463,588.58</b>

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

Legend:

	Completed Sale to third party
	Pending DOF approval and completing sales transaction
	Currently In Escrow
	Actively being marketed to outside third parties
	Transferred to City of Industry at no cost
	Conveyance of property to Caltrans for West Bound Off Ramp taken from IBC property
	To Be Sold

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 (Sales Price)	Currently In Escrow	Estimated Date For Escrow To Close	Sales Date	Buyer
1	vacant/industrial	233 Hacienda	for sale	industrial per zoning code	Nov-05	17.77 mill.	5.5 mill.	Apr-13	8208-027-913	9.5 ac.	2014-26	\$ 14,276,790.00		June-15		Devis Realty Partners LLC
2	vacant/industrial bldg.	333 Turnbull	for sale	industrial per zoning code	Dec-10	6.944 mill.	4.95 mill.	Apr-13	8208-014-900	6.63 ac.	2014-26	\$ 8,230,000.00		June-15		RDP Consulting Inc
3	industrial bldg.	300 Baldwin Park Blvd	for sale		Dec-07	17.0 mill.	Sold		8563-003-905	10.68 ac.	2012-15	\$ 7,818,214.65			3/21/2013	Baldwin Park Industrial Developers, LLC
4	industrial bldg.	17370 Gale	for sale	Auto zone-new car dealership	Jul-09	7.43 mill.	1.72 mill.	Apr-13	8264-001-945	1.32 ac.	2014-26	\$ 1,600,000.00		May-15		Peninsula Property Holdings LLC
5	industrial bldg.	19835 E Walnut	for sale or lease	industrial per zoning code	Jan-08	5.9 mill.	1.878 mill.	Apr-13	8760-009-900	1.96 ac.						
6		17651 Railroad St	for sale	industrial per zoning code	May-08	4.1 mill.	Sold		8264-011-901	3.05 ac.	2013-13	\$ 2,238,560.00			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			August-15		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	8208-006-906 8208-006-901	7.36 ac.	2014-26	\$ 13,263,856.00		August-15		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	\$ 6,705,839.00		April-15		Wanna 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.						
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	\$ 2,375,000.00		June-15		Weiss Industrial Holdings 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.						
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.						
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.						
16	vacant/industrial	191 Long Lane	for sale	industrial per zoning code	Dec-10	1.485 mill.	1.292 mill.	Apr-13	8202-033-908	1.87 ac.	2014-26	\$ 2,050,531.00		May-15		New Star 21, Inc
17	vacant/industrial	135 N. Orange	for sale	industrial per zoning code	May-04	13.3 mill.	2.89 mill.	Apr-13	8202-033-906	3.69 ac.	2014-26	\$ 4,688,883.00		June-15		Quinn Development, LLC
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.						Northrop Grumman Systems Corporation
19	commercial office bldg.	150 Hacienda	for sale	existing bank building	Feb-09	6.2 mill.	5.1 mill.	Apr-13	8208-025-951	.59 ac.						
20	vacant/industrial	220 Hacienda	for sale	existing bank building	Feb-09	1.475 mill.	0.937 mill.	Apr-13	8208-025-952	0.15 ac.						
21	vacant	244 Hacienda	for sale	gov. use per zoning code	Jan-80	0.127 mill.	0.5096 mill.	Apr-13	8208-025-923	0.39 ac.						
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.						
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.						
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	\$ 704,069.00			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 Parritt Pl	for sale	gov. use per zoning code	1976	1.35 mill.	4.645 mill.	Apr-13	8208-027-911 8208-027-912	6.18 ac.	2014-26	\$ 8,201,500.00		June-15		CT Parritt, 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	\$ 42,297,849.00		June-16		CT Chestnut, LLC (CT Realty Corp.) Sales price for Properties 30 & 38
31	vacant/commercial	17201-17301 Gale	for sale	commercial with zone change	Apr-06	38.8 mill.	16.6 mill.	Apr-13	8264-001-943 8264-001-944 8264-001-925	19.08 ac.		\$ 16,000,000.00		June-16		RV Properties
32	vacant	17475 Gale	for sale	new car dealership per automobile zone	Jul-03	7.5 mill.	5.95 mill.	Apr-13	8264-001-942 8264-001-941	5.38 ac.		\$ 5,500,000.00		June-16		RV Properties
33	vacant/commercial	17545 Gale	for sale	new car dealership per automobile zone	Apr-05	16.7 mill.	6.5 mill.	Apr-13	8264-012-919	5.99 ac.						
34	vacant	17647 Gale	for sale	new car dealership per automobile zone	Jan-04	40.5 mill.	6.8 mill.	Apr-13	8264-013-913 8264-013-914 8264-012-923	6.25 ac.						
35	remnant/row	17723 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.						
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



Legend:

Yellow	Completed Sale to third party
Pink	Pending DOF approval and completing sales transaction
Blue	Currently In Escrow
Green	Actively being marketed to outside third parties
Orange	Transferred to City of Industry at no cost
Light Blue	Conveyance of property to Caltrans for West Bound Off Ramp taken from IBC property
Grey	To Be Sold

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 (Sales Price)	Currently In Escrow	Estimated Date For Escrow To Close	Sales Date	Buyer	
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							
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	8709-008-021,022,023,024,025,0 26,027,028,029, & 030 8709-006-004,005,006,003,007,0 08,001,002,010, & 012 8709-027-037,034 & 032 8709-028-014 8719-006-016,017,014,015,013,0 12,019 & 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.	0.533 mill.	Apr-13	8217-001-901	0.66 ac.	2014-26	\$ 100,623.60		May-15		Majestic Realty	
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.							
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	82028-025-938 8208-025-941	0.57 ac.							
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.							
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							
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.							
50	vacant parking	242 & 244 Hacienda	for sale	gov. use per zoning code	Aug-09	4.65 mill.	3.2 mill.	Apr-13	8208-025-954	2.46 ac.							
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.							
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.							
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.							
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	17300 Chestnut	for sale	industrial per zoning code	Feb-02	13.49 mill.	12.28 mill.	Apr-13	8264-024-909, 918 & 908	20.14 ac	2014-26					CT Chestnut, LLC (CT Realty Corp.) Sales price for Properties 30 & 58, see property 30	
59	industrial bldg.	1123 Hatcher	for sale	industrial per zoning code	Sep-02	2.717 mill.	2.414 mill.	Apr-13	8264-004-908	3.08 ac.							
60	vacant/row	1129 & 1135 Hatcher	for sale	industrial per zoning code	Dec-08	3.55 mill.	1.79 mill.	Apr-13	8264-004-910 & 911	1.87 ac.							
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 south side of San Jose Creek	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	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	Feb-03	0.931 mill.	3.0 mill.	Apr-13	8719-005-905	3.86 ac.							
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.							
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	

Legend:

	Completed Sale to third party
	Pending DOF approval and completing sales transaction
	Currently In Escrow
	Actively being marketed to outside third parties
	Transferred to City of Industry at no cost
	Conveyance of property to Caltrans for West Bound Off Ramp taken from IBC property
	To Be Sold

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 (Sales Price)	Currently In Escrow	Estimated Date For Escrow To Close	Sales Date	Buyer	
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.							
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	
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												\$ 10,760,843.65	\$ 125,390,375.60				

Successor Agency to the IUDA  
 Projected Cash Flow For Projects  
 To Be Funded By Other Funds  
 January 1, 2015 to December 31, 2017

Exhibit 2  
 Updated 4/22/2015

**Industry Business Center (IBC):**

Land Sales  
 Estimated Project Expenditures  
 Net  
 City Loan/Repayment  
 Transfers Other Projects  
 Funds from rental income/notes receivable  
 Beginning Cash Balance  
 Ending Cash Balance

	14-15B Budget	15-16A Budget	15-16B Budget	16-17A Budget	16-17B Budget	17-18A Budget	
	1/1/15 to 6/30/15	7/1/15 to 12/31/15	1/1/16 to 6/30/16	7/1/16 to 12/31/16	1/1/17 to 6/30/17	7/1/17 to 12/31/17	Totals
Land Sales	\$ 40,723,000	\$ 16,063,000	\$ 37,606,000	\$ 133,738,000	\$ 82,800,000		\$ 310,930,000
Estimated Project Expenditures	(5,428,500)	(9,333,500)	(37,916,520)	(21,877,580)	(26,989,997)	(15,006,223)	(116,552,320)
Net	35,294,500	6,729,500	(310,520)	111,860,420	55,810,003	(15,006,223)	194,377,680
City Loan/Repayment	(5,000,000)		(29,139,500)				(34,139,500)
Transfers Other Projects			(2,101,660)	(3,194,581)	(47,500)	(1,100)	(5,344,841)
Funds from rental income/notes receivable	1,239,938	(393,662)	-				846,276
Beginning Cash Balance	3,818,080	35,352,518	41,688,356	10,136,676	118,802,515	174,565,018	384,363,163
Ending Cash Balance	\$ 35,352,518	\$ 41,688,356	\$ 10,136,676	\$ 118,802,515	\$ 174,565,018	\$ 159,557,695	\$ 540,102,778

**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

Landscaping Baker Parkway Slopes	\$ (133,500)	\$ (124,500)	\$ (124,500)	\$ (100,500)	\$ (14,500)	\$ -	\$ (497,500)
Diamond Bar Creek	(43,200)	(578,200)	(770,300)	(244,921)	(8,000)	(1,100)	(1,645,721)
Industry East Traffic Mitigation	(363,400)	(1,250,000)	(3,374,888)	(2,849,160)	(25,000)	-	(7,862,448)
Net	(540,100)	(1,952,700)	(4,269,688)	(3,194,581)	(47,500)	(1,100)	(10,005,669)
Transfers from land sales			2,101,660	3,194,581	47,500	1,100	5,344,841
Funds from rental income/notes receivable	540,100	1,952,700	2,168,028				4,660,828
Beginning Cash Balance	-	-	-	-	-	-	-
Ending Cash Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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3																							
4																						Exhibit 3	
5																						Remaining Amount Of Estimated Project Costs To Spend Per Amended Contract (AJ- AT+AV=AX)	
		Vendor		ROPS Line #		Description		Expenditures prior to the Current Awarded Budget		Future Contract		Current Awarded Budget		Budget Amendments		Total Estimated Cost From January 2012 To Completion Of Projects		Total All Payments January 2012 to April 8, 2015		Project Complete			
58		Industry Business Center MP 99-31 # 16				Estimated Completion - Summer 2019																	
59																							
60		Placeworks		192		Professional Services		-				172,502.00				172,502.00		148,285.00				24,217.00	
61		PBLA		193		Professional Services		-				1,856,835.00				1,856,835.00		1,304,157.23				552,677.77	
62		Leighton Consulting		194		Professional Services						2,643,123.00				2,643,123.00		950,413.50				1,692,709.50	
63		Leighton Consulting		195		Professional Services				315,504.00						315,504.00		-				315,504.00	
64		CNC Engineering		196		Professional Services		687,247.07				5,305,283.00				5,992,530.07		3,538,789.76				2,453,740.31	
65		CNC Engineering		197		Professional Services				1,262,016.00						1,262,016.00		-				1,262,016.00	
66		Thomsen Engineering		198		Professional Services		56,414.00				60,000.00				116,414.00		56,414.00				60,000.00	
67		Sage Environmental		199		Professional Services		25,711.00				244,441.00				270,152.00		129,509.00				140,643.00	
68		MX Graphics		200		Miscellaneous						33,225.00				33,225.00		30,328.68				2,896.32	
69		So Cal Sandbags		201		Improvement/Infrastructure		64,570.07		40,000.00		30,021.93		29,894.00		164,486.00		124,486.00				40,000.00	
70		So Cal Edison		202		Improvement/Infrastructure				3,600,000.00		1,415,000.00		651,000.00		5,666,000.00		2,066,000.00				3,600,000.00	
71		Verizon		203		Improvement/Infrastructure				694,000.00						694,000.00		-				694,000.00	
72		So Cal Gas Co		204		Improvement/Infrastructure				1,041,420.00						1,041,420.00		-				1,041,420.00	
73		Walnut Valley Water District		205		Improvement/Infrastructure				16,228,200.00						16,228,200.00		-				16,228,200.00	
74		Ind Public Utilities		206		Improvement/Infrastructure				11,829,600.00						11,829,600.00		-				11,829,600.00	
75		Time Warner Cable		207		Improvement/Infrastructure										-		-				-	
76		San Gabriel Valley News Paper		208		Miscellaneous				6,000.00		6,273.40				12,273.40		6,273.40				6,000.00	
77		First American Title Company		209		Professional Services				14,000.00		3,392.15				17,392.15		3,392.15				14,000.00	
78		St Wtr Resources Cont Board		210		Fees				6,000.00		16,826.00				22,826.00		16,826.00				6,000.00	
79		L A County Health Department		211		Fees				4,000.00						4,000.00		-				4,000.00	
80		L A County Public Works		212		Fees				85,000.00						85,000.00		-				85,000.00	
81		L A County Sewer Maint District		213		Fees				240,000.00						240,000.00		-				240,000.00	
82		International Line Builders		214		Improvement/Infrastructure				30,000.00						30,000.00		-				30,000.00	
83		MC Cain		215		Improvement/Infrastructure				120,000.00						120,000.00		-				120,000.00	
84		Environs Landscape Arch		216		Professional Services						1,725,120.00				1,725,120.00		117,518.20				1,607,601.80	
85		Contractor By Public Bidding		217		Improvement/Infrastructure				58,675,996.00						58,675,996.00		-				58,675,996.00	
86		Contractor By Public Bidding		218		Improvement/Infrastructure				10,516,800.00						10,516,800.00		-				10,516,800.00	
87		Kimley Horn & Assoc		219		Professional Services						200,000.00				200,000.00		-				200,000.00	
88		Kimley Horn & Assoc		220		Professional Services						1,051,680.00				1,051,680.00		-				1,051,680.00	
89		SCS Engineering		221		Professional Services						243,018.00		305,830.00		548,848.00		226,709.56					322,138.44
90		WKE, INC.		222		Professional Services				80,000.00						80,000.00		-				80,000.00	
91		Bustko Engineering		223		Professional Services						1,971,600.00				1,971,600.00		526,451.38				1,445,148.62	
92		Sukut Construction, LLC		267		Remedial Grading						6,689,774.00		436,733.06		7,126,507.06		7,126,507.51					(0.45)
93		C. A. Rasmussen Inc.		270		Mass Grading						20,329,607.00		500,983.79		20,830,590.79		8,064,490.24					12,766,100.55
94		Sukut Construction, LLC		271		Mass Grading						22,693,112.00		1,116,750.00		23,809,862.00		7,102,721.00					16,707,141.00
95		Regional water Quality				Fees										-		-					-
97								833,942.14		104,788,536.00		66,690,833.48		3,041,190.85		175,354,502.47		31,539,272.61		-			143,815,229.86
98																							
99		Industry East Traffic Mitigation MP 99 - 31 # 65				Estimated Completion - 2020																	
100																							
101		CNC Engineering		251		Professional Services		33,170.54				578,964.00				612,134.54		79,788.16				532,346.38	
102		Geotechnical Consultant		252		Professional Services				174,888.00						174,888.00		-				174,888.00	
103		Traffic Consultant		253		Professional Services				1,500,000.00						1,500,000.00		-				1,500,000.00	
104		Contractor by Public Bid		254		Professional Services				4,699,160.00						4,699,160.00		-				4,699,160.00	
105		City Of Diamond Bar		275		Professional Services				713,400.00						713,400.00		-				713,400.00	
106								33,170.54		7,087,448.00		578,964.00		-		7,699,582.54		79,788.16		-			7,619,794.38
107		City / Agency Reimbursement Agreement																					
108		City of Industry		277						15,860,500.00		34,139,500.00				50,000,000.00		-					50,000,000.00
109																							
110		Total Projects To Be Funded From Other Available Funds						1,368,285.79		129,056,905.00		110,020,006.86		3,519,838.75		243,965,036.40		40,334,731.43		(7,906.22)			203,622,398.75
111																							

	A	B	C	D	E	F	G	H	I	J	K	L	M	AH	AI	AJ	AK	AT	AL	AV	AV	AX	AY
1																							
2																							
3																							
4																							Exhibit 3
5																							Remaining Amount Of Estimated Project Costs To Spend Per Amended Contract (AI- AT+AV=AX)
112																							
113		Projects To Be Funded From Bond Proceeds																					
114		Lemon Ave Interchange at Route 60 MP 3 - 10																					
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126		Route 57/60 Confluence Project MP 99 - 31 # 22																					
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141		Westbound Slip On-Ramp 57/60 MP 99-31 #22A																					
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Successor Agency To the Industry Urban-Development Agency  
Budget vs. Actual Disbursements Comparison ROPS 14-15B

Detail Report

January 1 Through June 30, 2015

Exhibit 4

Payee	ROPS Line Item	Project #	Remaining Amount Of Estimated Project Expenditures Not Spent From Previous Approved ROPS Periods	Estimated Project Expenditures Approved On ROPS 14-15B Period January 1 to June 30, 2015	Actual Disbursements Paid During the Period Period January 1 to April 8, 2015	Remaining Amount Of Estimated Project Expenditures Budgeted For The Period Period January 1 to June 30, 2015
<b>Projects To Be Funded From Other Available Funds</b>						
<b>Landscaping Baker Parkway Slopes</b>		MP 99 31 #61				
CNC Engineering	99			\$ 5,000.00	\$ 20,394.14	\$ (15,394.14)
Environs Landscape Architecture	100			5,000.00	6,901.53	(1,901.53)
Kasa Construction, Inc.	102			65,000.00	37,044.30	27,955.70
Contractor - By Public Bidding	276			75,000.00	1,224.40	73,775.60
San Gabriel Valley					-	-
Marina Landscape					-	-
<b>Total Landscaping Baker Parkway Slopes</b>				<b>\$ 150,000.00</b>	<b>\$ 65,564.37</b>	<b>\$ 84,435.63</b>
<b>Diamond Bar Creek</b>		MP 99-31 #26				
CNC Engineering	148			5,000.00	-	-
Thomsen Engineering	149			5,000.00	-	5,000.00
Leighton Consulting	150			5,000.00	3,375.75	1,624.25
Regional Water Quality Control	151			1,000.00	-	5,000.00
Army Corp Engineers	152			500.00	-	500.00
Calif Dep of Fish & Game	153				-	-
State Water Resources	154				-	-
MX Graphics	155			200.00	-	200.00
Brown & Brown Ins	156				-	-
City of Industry Disposal	157				-	-
San Gabriel Valley Newspaper	158				-	-
LA County Health Dept	159			1,500.00	-	1,500.00
So Calif Edison	160			50,000.00	-	50,000.00
Walnut Water District	161			5,000.00	-	5,000.00
LA County Sewer Maint District	162			20,000.00	-	20,000.00
PBLA	163				-	-
Native Grow Nursery	164			75,000.00	-	75,000.00
H & H Contractors	165			300,000.00	-	300,000.00
Sage Environmental	166			20,000.00	-	20,000.00
WKE, Inc	167				-	-
H & H Contractors	266				-	-
<b>Total Diamond Bar Creek</b>				<b>\$ 488,200.00</b>	<b>\$ 3,375.75</b>	<b>\$ 484,824.25</b>

**Successor Agency To the Industry Urban-Development Agency  
Budget vs. Actual Disbursements Comparison ROPS 14-15B**

**Detail Report**

January 1 Through June 30, 2015

Exhibit 4

Payee	ROPS Line Item	Project #	Remaining Amount Of Estimated Project Expenditures Not Spent From Previous Approved ROPS Periods	Estimated Project Expenditures Approved On ROPS 14-15B	Actual Disbursements Paid During the Period	Remaining Amount Of Estimated Project Expenditures Budgeted For The Period
				Period January 1 to June 30, 2015	Period January 1 to April 8, 2015	Period January 1 to June 30, 2015
<b>Industry Business Center</b>		MP 99-31 #16				
Placeworks	192			30,000.00	6,419.00	23,581.00
PBLA	193			300,000.00	185,393.32	114,606.68
Leighton Consulting	194			1,000,000.00	326,280.95	673,719.05
Leighton Consulting	195				-	-
CNC Engineering	196			1,200,000.00	625,638.39	574,361.61
CNC Engineering	197			50,000.00	-	50,000.00
Thomsen Engineering	198			20,000.00	-	20,000.00
Sage Environmental	199			30,000.00	-	30,000.00
MX Graphics	200			5,000.00	1,205.05	3,794.95
So Cal Sandbags	201			10,000.00	-	10,000.00
So Cal Edison	202			1,700,000.00	551,000.00	1,149,000.00
Verizon	203			10,000.00	-	10,000.00
So Cal Gas Co	204			50,000.00	-	50,000.00
Walnut Valley Water District	205			60,000.00	-	60,000.00
Ind Public Utilities	206			100,000.00	-	100,000.00
Time Warner Cable - Not Approved by DOF	207				-	-
San Gabriel Valley News Paper	208			1,000.00	2,392.15	(1,392.15)
First American Title Company	209			5,000.00	-	5,000.00
St Wtr Resources Cont Board	210			1,000.00	-	1,000.00
L A County Health Department	211			1,500.00	-	1,500.00
L A County Public Works	212			85,000.00	-	85,000.00
L A County Sewer Maint District	213				-	-
International Line Builders	214			15,000.00	-	15,000.00
MC Cain	215				-	-
Environs Landscape Arch	216			300,000.00	25,170.90	274,829.10
Contractor By Public Bidding	217				-	-
Contractor By Public Bidding	218				-	-
Kimley Horn & Assoc	219			50,000.00	-	50,000.00
Kimley Horn & Assoc	220			50,000.00	-	50,000.00
SCS Engineering	221			30,000.00	24,861.36	5,138.64
WKE, INC.	222			20,000.00	-	20,000.00
Bustko Engineering	223			300,000.00	54,896.64	245,103.36
Sukut Construction, LLC	267				-	-
A C. A. Rasmussen Inc.	270		18,395,697.00		6,756,176.44	11,639,520.56
A Sukut Construction, LLC	271		21,562,358.00		5,343,371.00	16,218,987.00
Regional water Quality					-	-
U S Bank ( C A Rasmussen Account)					3,000.00	(3,000.00)
<b>Total Industry Business Center</b>			<b>\$ 39,958,055.00</b>	<b>\$ 5,423,500.00</b>	<b>\$ 13,905,805.20</b>	<b>\$ 31,475,749.80</b>



**Successor Agency To the Industry Urban-Development Agency  
Budget vs. Actual Disbursements Comparison ROPS 14-15B**

**Detail Report**

January 1 Through June 30, 2015

Exhibit 4

Payee	ROPS Line Item	Project #	Remaining Amount Of Estimated Project Expenditures Not Spent From Previous Approved ROPS Periods	Estimated Project Expenditures Approved On ROPS 14-15B	Actual Disbursements Paid During the Period	Remaining Amount Of Estimated Project Expenditures Budgeted For The Period
				Period January 1 to June 30, 2015	Period January 1 to April 8, 2015	Period January 1 to June 30, 2015
<b>Industry East Traffic Mitigation</b>						
		MP 99-31 #65				
CNC Engineering	251			250,000.00	10,595.23	239,404.77
Geotechnical Consultant	252			50,000.00	-	50,000.00
Traffic Consultant	253			200,000.00	-	200,000.00
Contractor by Public Bid	254				-	-
City Of Diamond Bar	275			213,400.00	-	213,400.00
<b>Total Industry East Traffic Mitigation</b>				<b>\$ 713,400.00</b>	<b>\$ 10,595.23</b>	<b>\$ 702,804.77</b>
<b>City / Agency reimbursement Agreement</b>						
City of Industry	277			34,139,500.00		34,139,500.00
<b>Totals</b>				<b>\$ 34,139,500.00</b>		<b>\$ 34,139,500.00</b>
<b>Total Projects To Be Funded From Other Available Funds</b>			<b>\$ 39,958,055.00</b>	<b>\$ 40,914,600.00</b>	<b>\$ 13,985,340.55</b>	<b>\$ 66,887,314.45</b>
<b>Projects To Be Funded From Bond Proceeds</b>						
<b>Lemon Ave Interchange at Route 60</b>						
		MP 03-10				
CNC Engineering	116			\$ 20,000.00	\$ 2,760.24	\$ 17,239.76
Jacobs Civil	117			85,000.00	-	85,000.00
Avant-Garde	118			35,000.00	8,335.00	26,665.00
Caltrans (Right of Way Acquisition)	119				-	-
Contractor TBD	120				-	-
Caltrans (Construction Administration)	121			300,000.00	-	300,000.00
LA County Public Works	122			1,000.00	-	1,000.00
<b>Total Lemon Ave Interchange at Route 60</b>				<b>\$ 441,000.00</b>	<b>\$ 11,095.24</b>	<b>\$ 429,904.76</b>
<b>Route 57/60 Confluence Project</b>						
		MP 99-31 #22				
CNC Engineering	123			30,000.00	1,464.39	28,535.61
WKE Inc (Environmental Phase)	124			20,000.00	783.36	19,216.64
Atkins	125				-	-
Casey O' Callaghan Golf Course	126			5,000.00	-	5,000.00
Caltrans	127			200,000.00	-	200,000.00
Contractor Todd	128			500,000.00	-	500,000.00
The PFM Group	129				-	-
Avant-Garde	130			40,000.00	12,815.73	27,184.27
ARC Imaging Recourses	131			110.00	-	110.00
MX Graphic	132			600.00	-	600.00
WKE Inc (Design Phase)	133			750,000.00	205,759.40	544,240.60
Prince Global	134			90,000.00	45,389.46	44,610.54
<b>Total Route 57/60 Confluence Project</b>				<b>\$ 1,635,710.00</b>	<b>\$ 266,212.34</b>	<b>\$ 1,369,497.66</b>

**Successor Agency To the Industry Urban-Development Agency  
Budget vs. Actual Disbursements Comparison ROPS 14-15B**

**Detail Report**

January 1 Through June 30, 2015

Exhibit 4

Payee	ROPS Line Item	Project #	Remaining Amount Of Estimated Project Expenditures Not Spent From Previous Approved ROPS Periods	Estimated Project Expenditures Approved On ROPS 14-15B Period January 1 to June 30, 2015	Actual Disbursements Paid During the Period Period January 1 to April 8, 2015	Remaining Amount Of Estimated Project Expenditures Budgeted For The Period Period January 1 to June 30, 2015
<b>Westbound Slip On- Ramp 57/60</b>		MP 99-31 #22a				
WKE Inc	224			45,000.00	4,756.00	40,244.00
CNC Engineering	225			3,000.00	-	3,000.00
Caltrans	226			2,500,000.00	-	2,500,000.00
Avant-Garde	227			35,000.00	12,635.00	22,365.00
Atkins	228				-	-
MX Graphic	229			500.00	-	500.00
ARC Imaging Recourses	230			125.00	-	125.00
<b>Total Westbound Slip On- Ramp 57/60</b>				<b>\$ 2,583,625.00</b>	<b>\$ 17,391.00</b>	<b>\$ 2,566,234.00</b>
<b>Total Projects To Be Funded From Bond Proceeds</b>				<b>\$ 4,660,335.00</b>	<b>\$ 294,698.58</b>	<b>\$ 4,365,636.42</b>
<b>Administration</b>						
Fiscal Agent Fees	21			11,000.00	10,390.00	610.00
Fiscal Agent Fees	23			4,000.00	3,520.00	480.00
Fiscal Agent Fees	25			4,000.00	3,520.00	480.00
S A Employee Costs	255			314,000.00	209,333.33	104,666.67
Office/Delivery/Phone and Overhead	256			16,000.00	54,473.20	(38,473.20)
Property Management	257			51,000.00	53,960.02	(2,960.02)
Legal Services	258			438,000.00	178,555.74	259,444.26
Accounting and consulting Fees	259			145,000.00	86,365.00	58,635.00
Auditing and Review services	260			155,000.00	63,245.00	91,755.00
General Insurance and Bonding	263				-	-
<b>Total Administration</b>				<b>\$ 1,138,000.00</b>	<b>\$ 663,362.29</b>	<b>\$ 474,637.71</b>
<b>Escheated Payment</b>	274				-	-
<b>Total</b>				<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Property Maintenance 07-01-2014 through 12-31-2014</b>	269			736,000.00	-	736,000.00
<b>Total</b>				<b>\$ 736,000.00</b>	<b>\$ -</b>	<b>\$ 736,000.00</b>
<b>Total All Expenditures</b>			<b>\$ 39,958,055.00</b>	<b>\$ 47,448,935.00</b>	<b>\$ 14,943,401.42</b>	<b>\$ 72,463,588.58</b>
<b>A</b> These items are for the mass grading contracts which were approved in the ROPS period ending December 31, 2014. The total approved amount was for \$44,022,719 and was funded by \$34,139,500 loaned from the City of Industry which is ROPS item 277 and \$9,883,219 of Successor Agency funds consisting of rental income, note receivable payments, etc. These amounts have been deposited into escrow accounts held at various banks to pay the vendors as work progresses.						

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

ITEM NO. 5.3

**CLIENT MEMORANDUM**

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**TO:** OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY  
**FROM:** VARNER & BRANDT LLP  
**SUBJECT:** TRANSMITTAL OF MAY 12, 2015 OVERSIGHT BOARD MEETING AGENDA ITEM #5.3  
**DATE:** MAY 1, 2015

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The following memorandum provides the seven (7) board members (“Board 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.:** 5.3

**Subject:** **Direct the Disposition of Successor Agency-Owned Property.** Approve and direct the Successor Agency to sell two pickup trucks owned by the Successor Agency to the City of Industry (“City”).

**Request by Successor Agency:** Successor Agency requests that the Oversight Board approve and direct the sale of two pickup trucks to the City and authorize the execution of any documents and instruments necessary to consummate the sale.

**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 34180(h):* The Oversight Board must approve a request by the Successor Agency to enter into an agreement with the city, county, or city and county that formed the redevelopment agency that it is succeeding.

4. *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, 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.

**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).) Despite the Oversight Board’s directive authority, Section 34191.3 suspended the power to direct the disposition of assets and properties of the former redevelopment agency, except for the transfer of governmental use assets, until the DOF approved the Successor Agency’s LRPMP. Approval of the Successor Agency’s LRPMP occurred on February 21, 2014, making the Oversight Board’s directive authority under Section 34177(e) and Section 34181(a) operative. The approved LRPMP governs the disposition and use of the real property assets (and not personal property assets) of the former redevelopment agency. The Successor Agency recently discovered that it owns two pickup trucks (“Trucks”) more particularly described as follows:

- 2003 Chevy Silverado, White Pick-up Truck, with 70,779 miles as of 03/31/15 and a Kelly Blue Book value ranging from \$6,000 to \$8,000 depending on condition
- 2011 GMC 1500 Sierra, White Pick-up Truck, with 24,837 miles as of 03/31/15 and a Kelly Blue Book value ranging from \$22,000 to \$27,700.

For valuation purposes, the Trucks are considered to be in “good condition” representing values of \$7,000 and \$25,000 respectively. Details of the Trucks and the valuation used are set forth in Exhibit A, attached to this memorandum.

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 City has indicated a desire to purchase the Trucks from the Successor Agency in their “AS IS” condition. The proposed sale of the Trucks to the City will enable the Successor Agency to expeditiously dispose of former redevelopment assets in accordance with HSC Section 34181(a). Given the City’s interest in purchasing the Trucks, it does not appear the Successor Agency marketed the Trucks to other potential purchasers, or incurred costs associated with such marketing. If the Oversight Board approves the sale of the Trucks to the City, the Oversight Board’s approval should also include the directive for the Successor Agency to prepare and execute all necessary documents and instruments, including the DMV bill of sale (Form REG 135), to carry out the disposition of the Trucks.



EXHIBIT A

As of: April 23, 2015

Vehicle Description: 2003 CHEV Silverado White Pick-up Truck

License: 7C21316 Registration valid until 02/28/2016

VIN: 1GCEK14V53Z243962

Mileage: 70,779 as of 03/31/15

Purchase Price: \$28,538.67

<u>Value (Blue Book):</u>	High (Excellent)	Medium (Good)	Low (Fair)
	\$8,000	\$7,000	\$6000

This vehicle is considered in "Good" condition.

Vehicle Description: 2011 GMC 1500 Sierra White Pick-up Truck

License: 98407C1 Registration valid until 06/30/2015

VIN: 1GTR2VE31BZ304308

Mileage: 24,837 as of 03/31/15

Purchase Price: \$33,311.65

<u>Value (Blue Book):</u>	High (Excellent)	Medium (Good)	Low (Fair)
	\$27,700	\$25,000	\$22,000

This vehicle is considered in "Good" condition.

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

Proposed Adoption of:

A Resolution Directing the Sale of Two Trucks to the City of Industry

**Date: May 12, 2015**  
**Time: 10:00 a.m., or as soon thereafter as the matter may be heard**  
**Place: City Council Chamber, 15651 East Stafford Street, City of Industry, California**

**NOTICE IS HEREBY GIVEN** that at the meeting of the Oversight Board of the Successor Agency to the Industry Urban-Development Agency (the "Oversight Board") to be held on May 12, 2015, at 10:00 a.m., or as soon thereafter as possible, the Oversight Board will consider the adoption of a resolution directing the Successor Agency to the Industry Urban-Development Agency regarding the sale of two trucks to the City of Industry pursuant to Health and Safety Code Section 34181(a).

Interested persons are invited to attend this meeting and be heard regarding this matter. An individual who challenges any decision regarding the proposed actions in court may be limited to raising only those issues such individual or someone else raised at the meeting described in this notice or in written correspondence delivered to the Oversight Board at, or prior to, the meeting. Due to the time constraints and the number of persons wishing to give oral testimony, time restrictions may be placed on oral testimony at the meeting regarding the proposal. Any interested person may wish to make comments in writing to assure that the relevant views are expressed adequately. Written comments may be submitted to the Oversight Board prior to the time set for the meeting, to the attention of the Secretary of the Oversight Board at 15625 East Stafford Street, City of Industry, California.

Further information may be obtained by contacting Mr. A.D. Hall, Public Safety Consultant, at 15625 East Stafford Street, City of Industry, CA 91744, or by telephone at (626) 968-7621, or by email at [AHall@cityofindustry.org](mailto:AHall@cityofindustry.org).

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in an Oversight Board meeting, please contact the Office of the City Clerk of the City of Industry at (626) 333-2211. Notification at least 48 hours prior to the meeting or time when services are needed will assist the Oversight Board staff in assuring that reasonable arrangements can be made to provide accessibility to the meeting or service. Assisted hearing devices will be available at this hearing without prior notification

Dated this 1st day May, 2015

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

**RESOLUTION NO. OB 2015-07**

**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 SALE OF TWO TRUCKS**

**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 desires to sell two (2) trucks, more particularly described on Exhibit “A” attached hereto and by this reference made a part hereof (“Trucks”) to the City of Industry (“City”) in their AS-IS condition with no warranties; and

**WHEREAS**, the Successor Agency intends to sell the Trucks to the City for a purchase price of \$32,000.00, which represents an amount equal to or greater than the current fair market value of the Trucks, as determined by Kelly Blue Book; and

**WHEREAS**, the Oversight Board has determined that the approval of the sale and the directive for the disposition of the Trucks to the City is consistent with the terms of Health and Safety Code Section 34181(a) 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 and Directive for the Disposition of the Trucks.** The Oversight Board hereby approves and directs the Successor Agency to complete the sale and disposition of the Trucks to the City. The Oversight Board further directs the Successor Agency to prepare and



execute all other documents and instruments necessary to consummate the sale and disposition of the Trucks.

**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 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 May 12, 2015, 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 Schlichting, Secretary  
Oversight Board of the Successor Agency  
to the Industry Urban-Development Agency

**RESOLUTION NO. OB 2015-07**

**ATTACHMENT A**

**TRUCKS**

Vehicle Description: 2003 CHEV Silverado White Pick-up Truck

License: 7C21316 Registration valid until 02/28/2016

VIN: 1GCEK14V53Z243962

Mileage: 70,779 as of 03/31/15

Purchase Price: \$28,538.67

Value (Blue Book):	High (Excellent)	Medium (Good)	Low (Fair)
	\$8,000	\$7,000	\$6000

This vehicle is considered in "Good" condition.

Vehicle Description: 2011 GMC 1500 Sierra White Pick-up Truck

License: 98407C1 Registration valid until 06/30/2015

VIN: 1GTR2VE31BZ304308

Mileage: 24,837 as of 03/31/15

Purchase Price: \$33,311.65

Value (Blue Book):	High (Excellent)	Medium (Good)	Low (Fair)
	\$27,700	\$25,000	\$22,000

This vehicle is considered in "Good" condition.

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

ITEM NO. 5.4

**CLIENT MEMORANDUM**

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**TO:** OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY  
**FROM:** VARNER & BRANDT LLP  
**SUBJECT:** TRANSMITTAL OF MAY 12, 2015 OVERSIGHT BOARD MEETING AGENDA ITEM #5.4  
**DATE:** MAY 1, 2015

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The following memorandum provides the seven (7) board members (“Board 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:** **Authorization to Execute Purchase and Sale Agreement; Disposition of Property.** Approval for the Successor Agency to execute a purchase and sale agreement with Northrop Grumman Systems Corporation (“Northrop”).

**Request by Successor Agency:** Successor Agency requests that the Oversight Board approve and authorize the execution of a purchase and sale agreement with Northrop concerning the sale and disposition of certain real property located at 111 Hudson Street, City of Industry (“Property”) and identified as Asset ID No. 18 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, 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).) Despite the Oversight Board's directive authority, Section 34191.3 suspended the power to direct the disposition of assets and properties of the former redevelopment agency, except for the transfer of governmental use assets, until the DOF approved the Successor Agency's LRPMP. Approval of the Successor Agency's LRPMP occurred on February 21, 2014, making the Oversight Board's directive authority under Section 34177(e) and Section 34181(a) operative. 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))

Northrop plans to construct a modern groundwater treatment plant on the Property to treat contaminated groundwater under the Property. The Successor Agency retained Stephen G. White, MAI to determine the value of the Property, which value was established on July 22, 2014. White determined the fair market value of the Property as an industrial property to be \$2,190,000 to \$2,310,000. Northrop has offered to acquire the Property for \$2,800,000, well above the appraised value. We note that the appraisal established the value approximately 9 months ago.

The appraisal provides that the Property is located in an industrial area with other governmental, commercial and residential uses nearby. The Property consists of 1.84 acres of vacant land, zoned industrial. The highest and best use of the Property is industrial development with minor challenges due to a storm drain easement encumbering a portion of the Property. Stephen G. White, MAI utilized the Sales Comparison Approach for determining the valuation of the Property. This method compares recent sales of reasonably similar properties to the Property considering pertinent differences such as location, size, shape, physical condition (topography), easements, existing improvements, potential or planned use, and date of sale.

We have reviewed the terms of the purchase and sale agreement. The sale of the Property is made on an "AS IS" basis and includes a full release of claims and indemnity. . If Northrop fails to timely construct the improvements on the Property in accordance with the purchase and sale agreement, Northrop is required to pay the Successor Agency an amount equal to the amount of property taxes that would have been due if Northrop had timely completed the improvements. The payment of the foregoing amount will continue until the earlier of (i) Northrop's completion of the improvement, or (ii) 5 years from the date the improvements should have been completed. For property tax purposes, Northrop has agreed to an estimated value on the Property, with improvements, to be \$20,600,000. Northrop will have a 60-day due diligence period, with an outside closing date of 30 days following the expiration of the due diligence period.

**Recommendation:** Based on the Department of Finance-approved LRPMP, information provided by Successor Agency staff, and the authority of the Health and Safety Code, we find the proposed approval of the purchase and sale agreement and the disposition of the Property in accordance with the terms of the purchase and sale agreement permissible and proper.

PUBLIC NOTICE

NOTICE IS HEREBY GIVEN that pursuant to Health and Safety Code Section 34181(f), the Oversight Board of the Successor Agency to the Industry Urban-Development Agency will hold a special meeting to consider a Purchase Agreement for the sale and disposition of certain real property located at 111 Hudson Street.

The time, date, and place of such special meeting shall be as follows:

Time: 10:00 a.m.  
Date: May 12, 2015  
Place: City Council Chamber  
15651 East Stafford Street  
City of Industry, CA 91744

A copy of all relevant materials, including the Purchase Agreements, are on file with the Secretary to the Oversight Board of the Successor Agency to the Industry Urban-Development Agency at the City Administrative Offices, 15625 East Stafford Street, Suite 100, City of Industry, California 91744.

Any person interested in this matter may appear at the above time and place and be heard with respect thereto.

Dated: May 1, 2015



**RESOLUTION NO. OB 2015-08**

**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 111 HUDSON STREET**

**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 shall govern and supersede 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 desires to sell certain real property located at 111 Hudson Street, City of Industry, identified on the LRPMP as a “for sale” property (“Property”) to Northrop Grumman Systems Corporation, a Delaware corporation (“Purchaser”); and

**WHEREAS**, the Successor Agency intends to sell the Property to Purchaser for a purchase price of \$2,800,000.00, which represents an amount equal to or greater than the current fair market value of the Property, as determined by an appraisal performed by Stephen G. White, MAI, and

**WHEREAS**, the sale of the Property by Successor Agency to the Purchaser is made 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 May 12, 2015, 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 Schlichting, Secretary  
Oversight Board of the Successor Agency  
to the Industry Urban-Development Agency

**RESOLUTION NO. OB 2015-08**  
**ATTACHMENT A**  
**PURCHASE AGREEMENT**  
**[ATTACHED BEHIND THIS PAGE]**

**PURCHASE AGREEMENT**

[111 HUDSON STREET]

SUCCESSOR AGENCY TO THE  
INDUSTRY URBAN-DEVELOPMENT AGENCY,  
“Agency”

NORTHROP GRUMMAN SYSTEMS CORPORATION,  
a Delaware corporation  
“Developer”

\_\_\_\_\_, 2015

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**PURCHASE AGREEMENT**  
**[111 Hudson Street]**

**THIS PURCHASE AGREEMENT** [111 Hudson Street] (this “**Agreement**”), dated for reference purposes only as of \_\_\_\_\_, 2015 (the “**Effective Date**”) is entered into by and between the **SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY** (the “**Agency**”), and **NORTHROP GRUMMAN SYSTEMS CORPORATION**, a Delaware 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. Pursuant to AB X1 26 (enacted in June 2011), as modified by the California Supreme Court’s decision in *California Redevelopment Association, et al. v. Ana Matosantos, et al.*, 53 Cal.4th 231 (2011), the Industry Urban-Development Agency (the “**Former Agency**”) was dissolved as of February 1, 2012, and the Agency was constituted. AB 1484, which was enacted in June 2012, amended and supplemented the provisions of AB X1 26 (the “**Dissolution Law**”).

B. Pursuant to Section 34191.5(b) of the California Health and Safety Code, the Agency submitted a long-range property management plan (the “**LRPMP**”) to the California Department of Finance (the “**DOF**”). The LRPMP addresses the use and disposition of all properties of the Agency, and the DOF approved the LRPMP on February 21, 2015. The Agency is undertaking the disposition of all properties of the Agency, including the Property (as hereinafter defined), as provided in the LRPMP.

C. The Agency, as successor in interest by operation of law to the Former Agency, owns the fee interest in that certain real property located in the City of Industry, County of Los Angeles, State of California, 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**”). 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 1.1.22) on the Property (the “**Project**”).

D. Development of the Project may assist in the elimination of blight, provide jobs, substantially improve the economic and physical conditions in the City, clean up contaminated groundwater from the Puente Valley Operable Unit and create a valuable new potable water supply that will decrease the region’s reliance on imported water.

E. A material inducement to the Agency to enter into this Agreement is the agreement by the Developer, subject to force majeure delays, as provided in Section 7.9, to develop the Project within a limited period of time, or to pay Estimated Improvement Property Taxes as provided in Section 5.7, and the Agency would be unwilling to enter into this Agreement in the absence of an enforceable commitment by the Developer to develop the Project within such period of time or to make such payments.

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 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.

1.1.4 Certificate of Occupancy means a final certificate of occupancy issued by the City for all of the Improvements.

1.1.5 Cessation Date is defined in Section 5.7.

1.1.6 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.

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

1.1.8 Completion Date is defined in Section 3.1.1.

1.1.9 Deemed Disapproved Exceptions is defined in Section 2.5.2.

1.1.10 Default is defined in Section 6.2.

1.1.11 Deposit is defined in Section 2.2.1.

1.1.12 Developer means Northrop Grumman Systems Corporation, a Delaware corporation. The principal office of the Developer for purposes of this Agreement is One Hornet Way, El Segundo, California 90245.

1.1.13 Disapproved Exceptions is defined in Section 2.5.2.

1.1.14 Disapproval Notice is defined in Section 2.5.2.

1.1.15 Due Diligence Period is defined in Section 2.7.

1.1.16 Escrow is defined in Section 2.3.1.

1.1.17 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.

1.1.18 Estimated Improvement Property Taxes is defined in Section 5.7.

1.1.19 Grant Deed is defined in Section 2.5.3.

1.1.20 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 biphenyls; 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.

1.1.21 Holder is defined in Section 4.2.2.

1.1.22 Improvements means the improvements described in Section 3.1.1.

1.1.23 Outside Date is defined in Section 2.3.2.

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

1.1.25 Project is defined in Recital C.

1.1.26 Property is defined in Recital C.

1.1.27 Purchase Price is defined in Section 2.1.

1.1.28 Released Parties is defined in Section 2.8.

1.1.29 Review Period is defined in Section 2.5.2.

1.1.30 Right of Entry Agreement is defined in Section 2.7.

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

1.1.32 Survey is defined in Section 2.5.1.

1.1.33 Title Company is defined in Section 2.5.4.

1.1.34 Title Policy is defined in Section 2.5.4.

1.1.35 Title Report is defined in Section 2.5.1.

1.1.36 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, attorneys' 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 Eight Hundred Thousand and No/100 Dollars (\$2,800,000.00) (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; such costs shall not exceed in total more than 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. Within five (5) business days following the opening of Escrow, Developer shall deposit with Escrow Holder the sum of Twenty Eight Thousand and No/100 Dollars (\$28,000.00), and unless Developer terminates this Agreement during the Due Diligence Period under Section 2.7 below, Developer shall deposit with Escrow Holder an additional One Hundred Twelve Thousand and No/100 Dollars (\$112,000.00) within five (5) business days following the Due Diligence Period, all in the form of certified or bank cashier's checks made

payable to Escrow Holder or by confirmed wire transfers of funds (collectively, the “**Deposit**”). The Deposit shall be invested by Escrow Holder in an interest bearing account acceptable to Developer and Agency with all interest accruing thereon for the benefit of Developer and to be credited to 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. 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, expenses and prorations payable by Developer hereunder.

### 2.3 Escrow.

2.3.1 Opening of Escrow. Within five (5) business days after the parties’ full execution of this Agreement, 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 prorations payable by the Agency) to the Agency. Possession of the Property shall be delivered to the Developer on the Close of Escrow. Subject to the provisions of Section 2.5.2, Close of Escrow shall occur within thirty (30) days following the expiration 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 from the Developer and the Executive Director of the Agency, which consent may be given or withheld in 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 2.5.2, then the Deposit shall be returned to Developer, and Developer shall pay all Escrow cancellation fees (which may be deducted from the Deposit). If the Closing does not occur for any other reason, then this Agreement shall automatically terminate, the Deposit shall be promptly returned to the Developer, and each party shall pay one half (1/2) of any Escrow cancellation charges.

### 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, subject only to such exceptions to title as Developer may have approved or have been deemed to approve pursuant to Section 2.5.2;

(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 Disposition 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 2.5.2.

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, be terminated and 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, and Developer shall be entitled to the immediate full refund of the Deposit.

## 2.5 Condition of Title; Survey; Title Insurance.

2.5.1 Within ten (10) days after the Effective Date, the Agency shall deliver to the Developer for the Developer's review and approval, (i) a current preliminary title report covering the Property (the "**Title Report**") and legible copies of any instruments noted as exceptions thereon and (ii) any survey of the Property in the Agency's possession. The Developer at its sole expense may obtain a current or updated ALTA survey of the Property in connection with the issuance of the Title Policy and the Agency shall cooperate with the same. Any survey provided by the Agency or obtained by the Developer are each a "**Survey**" hereunder.

2.5.2 The Developer shall have until the expiration of the Due Diligence Period (the "**Review Period**") to disapprove any exceptions to title shown on the Title Report or reflected on the Survey (collectively, "**Disapproved Exceptions**") and to provide Agency with notice thereof describing the defect with reasonable particularity (the "**Disapproval Notice**"). Any exceptions to title not disapproved within the Review Period shall be deemed approved. Within five (5) days after the Agency's receipt of the Disapproval Notice, the Agency shall notify the Developer whether or not the Agency intends to remove the Disapproved Exceptions. The Agency shall be under no obligation to remove any Disapproved Exception(s), but the Agency agrees to cooperate in good faith with the Developer in the Developer's efforts to eliminate any Disapproved Exception(s), provided the Agency is not obligated to pay any sum or assume any liability in connection with the elimination of any such Disapproved Exception(s). If the Agency notifies the Developer that the Agency intends to eliminate any Disapproved Exception(s), the Agency shall do so concurrently with or prior to the Close of Escrow. If the Agency notifies the Developer that the Agency does not intend to eliminate any Disapproved Exception(s), the Developer, by notifying the Agency within five (5) days after its receipt of such notice, may elect to terminate this Agreement and receive a full refund of the Deposit or

take the Property subject to the Disapproved Exception(s). Upon termination, Developer shall deliver to Agency copies of all due diligence reports and studies prepared by or for Developer, except for any due diligence reports and studies that are proprietary or protected by the attorney-client privilege. Notwithstanding the foregoing, the Agency covenants to pay in full all loans secured by deeds of trust, any mechanics' and materialmen's liens, and any other monetary liens (other than liens for charges, assessments, taxes, and impositions subject to proration as provided in Section 2.6.2) (collectively, the "**Deemed Disapproved Exceptions**") prior to, or concurrently with, the Close of Escrow, and Escrow Holder is hereby directed to cause the same to be paid from the Purchase Price. The Title Policy shall include such endorsements as the Developer shall reasonably request. Any endorsements to the Title Policy are to be paid for by the Developer. Notwithstanding the foregoing, the Developer may notify the Agency of its disapproval of an exception to title (including exceptions reflected on the Survey) first raised by Title Company or the surveyor after the Review Period, or otherwise first disclosed to the Developer after the Review Period, within ten (10) days after the same was first raised or disclosed to the Developer in writing. If an exception is first raised by the Title Company on a date such that the addition of ten (10) days for the Developer to provide approval or disapproval of such exception would result in a date that falls after the Outside Date (the "**New Exception Date**"), then the Outside Date shall automatically be extended for five (5) days after the New Exception Date. With respect to any exceptions disapproved by the Developer in such notice, the Agency shall have the same option to eliminate such exceptions that applies to Disapproved Exceptions, and the Developer shall have the same option to accept title subject to such exceptions or to terminate this Agreement and receive a full refund of the Deposit.

2.5.3 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**").

2.5.4 At Closing, the Developer shall receive a CLTA Owner's Coverage Policy of Title Insurance (the "**Title Policy**"), together with all endorsements requested by the Developer, issued by First American Title Insurance Company ("**Title Company**") in the amount of the Purchase Price, insuring that title to the Property is free and clear of all Disapproved Exceptions, all Deemed Disapproved Exceptions and all liens, easements, covenants, conditions, restrictions, and other encumbrances of record except (a) current taxes and assessments of record, but not any overdue or delinquent taxes or assessments, (b) the matters set forth or referenced in the Grant Deed, and (c) such other encumbrances as the Developer approves in writing including those reflected in the Title Report for the Property approved by Developer, or as are deemed approved by Developer as provided in Section 2.5.2. 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 (i) any Survey obtained by the Developer, (ii) any endorsements to the Title Policy and (iii) 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, expenses 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 and attorneys' fees.

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 pro-rated 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 prorations 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 Due Diligence Period; Access. During the period (the "**Due Diligence Period**") commencing on the date Escrow is opened and both the Agency and Developer are notified and ending at 5:00 p.m. on the date which is sixty (60) days after the date Escrow is opened and both the Agency and Developer are notified, the Developer may inspect the Property as necessary to (i) approve all zoning and land use matters relating to the Property, (ii) approve the physical condition of the Property, and (iii) otherwise assess and approve all aspects of the suitability of the Property for Developer's intended use. Subject to the terms of the Right of Entry and Access Agreement in the form of which is attached hereto as Exhibit "D" (the "**Right of Entry Agreement**"), the Developer and its agents shall have the right to enter upon the Property during the Due Diligence Period to make inspections and other examinations of the Property and the improvements thereon, including without limitation, the right to perform surveys, soil and geological tests of the Property and the right to perform environmental site assessments and studies of the Property. Prior to the Developer's entry upon the Property, the parties shall execute the Right of Entry Agreement. The Agency shall reasonably cooperate with the Developer in its conduct of the due diligence review during the Due Diligence Period. In the event the Developer does not approve of the condition of the Property by written notice to the Agency prior to the expiration of the Due Diligence Period, this Agreement shall terminate, the Deposit shall be returned to Developer (including any interest earned thereon) and, except as otherwise expressly stated in this Agreement, neither party shall have any further rights or obligations to the other party.

2.8 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. 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 Agency's 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 2.8. 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; (vii) THE PRESENCE OR ABSENCE OF HAZARDOUS MATERIALS AT, ON, UNDER OR ADJACENT TO THE PROPERTY; (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

  
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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.

2.9 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 on Exhibit “E” attached hereto and incorporated herein by this reference. Subject to force majeure delays as provided in Section 7.9, the construction of the Improvements shall be completed no later than five hundred forty (540) days 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 therefor 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.

3.2 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 Funds. Prior to the Close of Escrow, Developer shall provide to Agency evidence reasonably acceptable to the Agency as to form and substance that the Developer has sufficient funds committed for the construction of the Improvements.

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, to inspect construction of Improvements 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 (i) completion of construction by the Developer of all of the Improvements, (ii) the Developer has obtained a Certificate of Occupancy, and (iii) the Developer has caused a notice of completion (as described in California Civil Code Section 3093) 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 "F" 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 cost 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 an escrow account mutually established by Developer and 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 3093.

## **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 may transfer its rights and obligations under this Agreement to an entity controlled by, or under common control with, Developer, without the Agency's prior consent, but only upon twenty (20) business days prior written notice to the Agency and pursuant to an assignment agreement by which the assignee shall expressly assume all of the Developer's rights and obligations under this Agreement (provided that such assignment shall not release the Developer of its obligations hereunder, including, without limitation, its payment obligations under Section 5.7) and otherwise in form and substance reasonably acceptable to Agency. Except as provided in the preceding sentence and 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 without the Agency's prior written consent, which consent may be granted or withheld in the sole and absolute discretion of the Agency. 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. 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 apply to and 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, or any merger, stock sale or other transactions with a third party that results in such third party acquiring a controlling interest in Developer. Upon the Agency's issuance of the Certificate of Completion and following Developer's payment in full of all amounts payable to the Agency as provided in Section 5.7, 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 the Agency's consent to a sale, assignment, transfer or lease of the Property as provided for above, Developer shall be released from all of its obligations under 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.

#### 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) Prior to the issuance of a Certificate of Completion for the Property, 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, but only for the purpose of securing loans of funds to be used for 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). 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

(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. Developer covenants and agrees that the Developer 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. The foregoing sentence shall not prohibit Developer from employing a third party operator to run the Project after construction of the Improvements is completed. If and when the Developer conveys the Property to a third party after completion of the Improvements thereon 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 and for so long as the Improvements remain on the Property, Developer shall maintain the Property and the Project (including landscaping) in a commercially reasonable condition and repair to the extent practicable and in accordance with industry health and safety standards. 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. The maintenance requirements set forth in this Section 5.2 shall remain in effect for the period described herein.

5.3 Obligation to Refrain from Discrimination. The Developer covenants and agrees 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 Nonsegregation Clauses. All deeds, leases or contracts for sale shall contain the following nondiscrimination or nonsegregation 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, sublessees 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, sublessees, 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 solely 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 use and 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.

5.7 Payment for Failure to Complete Construction. If the Developer shall fail to complete construction of the Improvements on or prior to the Completion Date, subject to force majeure delays as provided in Section 7.9, then such failure shall not constitute a Default. However, in such case, Developer shall pay to Agency an amount equal to the amount of property taxes (“**Estimated Improvement Property Taxes**”) that would have been due if the Developer had timely completed the construction of the Improvements on the Completion Date until the earlier to occur of (a) the day Developer has completed construction of the Improvements and satisfied the conditions to the issuance of a Certificate of Occupancy and (b) five (5) years after the Completion Date (the “**Cessation Date**”).

The Estimated Improvement Property Taxes shall be calculated as follows: Estimated Value of the Improvements minus Assessed Value of the Improvements multiplied by the Tax Rate. “**Estimated Value of the Improvements**” shall be Twenty Million Six Hundred Thousand Dollars (\$20,600,000.00) (which number may be adjusted based on what Improvements are personal property). “**Assessed Value of the Improvements**” is the assessment value statement for improvements constructed or partially constructed by Developer provided by the County of Los Angeles after reassessments are made as of the January 1<sup>st</sup> lien date (the “**Assessed Value Statement**”); and the “**Tax Rate**” is 1.7%. The Developer and the Agency agree that no Estimated Improvement Property Taxes shall be due to Agency until the County of Los Angeles provides an Assessed Value Statement.

Developer shall pay the Estimated Improvement Property Taxes to Agency or before December 10 (covering January 1 through June 30 of the current year) and April 10 (covering July 1 through December 31 of the prior year) until the Cessation Date. However the first payment and the final payment of Estimated Improvement Property Taxes to Agency shall be prorated to reflect the period in which the payment is due.

## **ARTICLE 6 EVENTS OF DEFAULT, REMEDIES AND TERMINATION**

6.1 Developer Events of Default. 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 make any payments to Agency as required by Section 5.7 in a full or timely manner within thirty (30) days after receipt of written notice from Agency; 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 the initial 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, other than as described in Section 5.7 above, on or prior to the date for such performance set forth in the Schedule of Performance (subject to delays pursuant to Section 7.9), and, so long as such failure is not caused by any negligence, willful misconduct or 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 provisions of this Agreement, fails to convey the Property to Developer at the Close of Escrow; or

6.2.2 The Agency breaches any other 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 thirty (30) days written notice thereof to the defaulting party. If such breach or default is not cured within such thirty (30) 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, and if Developer is the non-defaulting party, Developer shall thereupon promptly receive a full refund of the Deposit and all interest accrued thereon. 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.

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. Subject to force majeure delays as provided in Section 7.9, the Developer acknowledges that it is of the essence of this Agreement that the Developer is obligated to complete all Improvements comprising the Project or pay Estimated Improvement Property Taxes.

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.

Except as specifically provided herein to the contrary, no representative, employee, attorney, agent or consultant of the Developer shall personally be liable to the Agency or City, or any successor in interest of the Agency or the City, in the event of any Default or breach by the Developer, or for any amount which may become due to the City or Agency, 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 (or cause the general contractor to 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 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 subcontractors' 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 nonassessable 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 until the Improvements are completed by the Developer.

## 7.2 Indemnity.

7.2.1 Except for the negligence or willful misconduct of the Agency, 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 (specifically excluding consequential damages), penalties, fines, forfeitures, costs and expenses (including all reasonable out-of-pocket litigation costs and reasonable attorneys' 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 but only to the extent on 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 (collectively, the "**Developer Parties**") on the Property), including without limitation, the construction of and use or operation of the Improvements on the Property, but specifically excluding any activities that are not on the Property or are not directly caused by the Developer or Developer Parties; or

(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 Parties.

The Developer's indemnity obligations set forth in this Section 7.2 shall not extend to any damages, losses, or liabilities incurred by the Agency, the City or the Oversight Board to the extent such losses or liabilities are caused by or contributed to by the negligence or willful misconduct of the Agency, as finally determined by a court of competent jurisdiction.

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 effective only upon receipt with proof of delivery. 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: Successor Agency to the  
Industry Urban-Development Agency  
15625 East Stafford Street, Suite 100  
City of Industry, California 91744  
Attention: Kevin Radecki

with a copy to: Richards, Watson & Gershon  
355 South Grand Avenue, 40th Floor  
Los Angeles, California 90071  
Attention: Jim G. Grayson

Developer: Northrop Grumman Systems Corporation  
One Space Park Drive, D/2  
Redondo Beach, California 90278  
Attention: Corporate Real Estate- Legal Notices

with a copy to: McKenna Long & Aldridge LLP  
300 South Grand Avenue, 14<sup>th</sup> Floor  
Los Angeles, California 90071  
Attention: Andrea Chang

and Northrop Grumman Systems Corporation  
2980 Fairview Park Drive  
Falls Church, Virginia 22042-4511  
Attention: Law Dept. – Real Estate Legal Notices

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, which representations and warranties shall survive the Closing:

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 brokers, 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 wherever 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.

7.9 Enforced Delay: Extension of Times of Performance. Nonperformance of any obligation set forth herein 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, and, only as to Developer's performance, acts or failures to act of, and any delays caused by any governmental or quasi-governmental agency or entity, including the Agency and the City (which shall include, but not be limited to, the failure or delay by any such agency, municipality or entity in approving the Developer's reasonable requests for entitlements or permits to commence the construction of the Improvements or issuing a Certificate of Occupancy or Certificate of Completion upon completion of construction), 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.

7.12 Entire Agreement, Waivers and Amendments. 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 terms or provisions 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 Representations of Agency. Notwithstanding Section 2.8, the Agency warrants and represents to the Developer as follows, which representations and warranties shall survive the Closing:

(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) As of the Effective Date, the Agency has made available to Developer, by online link entitled <http://www.cityofindustry.org/?p=city-hall&s=for-sale>, 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. As of the Effective Date, the property is properly zoned for the "**Improvements**" to be completed by Developer described on Exhibit "E" attached hereto and incorporated herein by this reference.

(c) 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 actual knowledge, no such condemnation or similar proceeding is currently threatened or pending.

(d) 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.

(e) 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.

(f) 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.

(g) 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.

As used in this Section 7.15, the phrase “to the actual knowledge of the Agency” shall mean the actual knowledge of Kevin Radecki and Reg Bottger. Kevin Radecki and Reg Bottger are primarily responsible for the management of the Property on behalf of the Agency. Neither Kevin Radecki nor Reg Bottger shall have any personal responsibility or liability with respect to the representations contained in this Section 7.15.

7.16 Developer’s Broker(s). Developer shall pay all commissions and fees that may be payable to any broker, finder or salesperson 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.

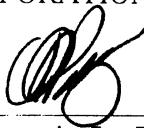
7.17 No Third Party Beneficiaries other than City. City is a third party beneficiary of this Agreement, with the right to enforce the provisions hereof. This Agreement is made and entered into for the sole protection and benefit of the Parties and City and their successors and assigns. No other person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

*[Remainder of Page Intentionally Left Blank; Signature Page Follows]*

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

**DEVELOPER**

NORTHROP GRUMMAN SYSTEMS CORPORATION, a Delaware corporation

By:   
Name: A.J. Paz  
Its: Corporate Director of Real Estate

**AGENCY**

SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY

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

ATTEST:

\_\_\_\_\_  
Secretary

APPROVED AS TO FORM:

Richards, Watson & Gershon,  
a professional corporation

By: \_\_\_\_\_  
Agency Attorney

## **LIST OF EXHIBITS**

Exhibit "A" Legal Description of the Property

Exhibit "B" Schedule of Performance

Exhibit "C" Form of Grant Deed

Exhibit "D" Form of Right of Entry and Access Agreement

Exhibit "E" Improvements

Exhibit "F" Form of Certificate of Completion

**EXHIBIT "A"**

**LEGAL DESCRIPTION OF THE PROPERTY**

**LOT 5 OF TRACT NO. 28350, IN THE CITY OF INDUSTRY, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 776, PAGES 27 AND 28 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.**

**EXHIBIT “B”**  
**SCHEDULE OF PERFORMANCE**

<u>Activity</u>	<u>Time Frame</u>
<u>Initial Deposit</u>	Within five (5) business days after opening escrow
<u>Developer reviews and approves or disapproves the title report</u>	Prior to the expiration of the Due Diligence Period
<u>Additional Deposit</u>	Within five (5) business days after the expiration of the Due Diligence Period
<u>Developer reviews and approves or disapproves physical condition of the Property</u>	On or prior to the expiration of the Due Diligence Period
<u>Close of Escrow</u>	Within thirty (30) days following the expiration of the Due Diligence Period
<u>Land Use Approvals.</u> Developer receives all required land use and building approvals and permits from City and other governmental entities (if any)	Prior to the commencement of construction of the Improvements
<u>Developer Completes Construction of Improvements</u>	Subject to force majeure, as provided in Section 7.9 of the Agreement, within five hundred forty (540) days following the Close of Escrow
<u>Issuance of Certificate of Completion.</u> Upon completion of construction in conformance with Agreement, the Agency Executive Director or designee shall issue a Certificate of Completion for the Improvements.	Promptly after the Agency receives written request from Developer if 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

---

*[The undersigned declares that this Grant Deed is exempt from Recording Fees pursuant to California Government Code Section 27383]*

**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** (the "**Grantor**"), hereby grants to **NORTHROP GRUMMAN SYSTEMS CORPORATION**, a Delaware 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 [111 Hudson Street] (the "**Agreement**") entered into by and between the Grantor and Grantee dated as of \_\_\_\_\_, 2015, 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. 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 the Improvements (as defined in the Agreement) thereon 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.



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

(a) The Grantee covenants and agrees for itself, that after completion of the Project (as defined in the Agreement), the Grantee shall maintain the Site and the Project (including landscaping in a commercially reasonable condition and repair to the extent practicable and in accordance with industry health and safety standards) in a commercially reasonable condition and repair for the earlier to occur of (i) as long as the Improvements remain on the Site and (ii) 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/nonsegregation 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, sublessees 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, sublessees, 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 Paragraph 2(a) of this Grant Deed shall remain in effect for the period set forth therein, and the covenants contained in Paragraphs 2(b) and 3 of this Grant Deed shall remain in effect in perpetuity.

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:

\_\_\_\_\_  
Secretary

GRANTEE: NORTHROP GRUMMAN SYSTEMS  
CORPORATION, a Delaware 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:

**LOT 5 OF TRACT NO. 28350, IN THE CITY OF INDUSTRY, COUNTY OF LOS ANGELES, STATE  
OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 776, PAGES 27 AND 28 OF MAPS, IN THE  
OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.**

## EXHIBIT "D"

### RIGHT OF ENTRY AND ACCESS AGREEMENT

THIS RIGHT OF ENTRY AND ACCESS AGREEMENT (herein called this "**Agreement**") is made and entered into as of \_\_\_\_\_, 2015, by the **SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY**, a public body, corporate and politic (herein called "**Grantor**"), and **NORTHROP GRUMMAN SYSTEMS CORPORATION**, a Delaware corporation (herein called "**Grantee**").

#### WITNESSETH:

WHEREAS, Grantor is the owner of the real property more particularly described on Exhibit "A", which exhibit is attached hereto and incorporated herein by reference (herein called the "**Property**");

WHEREAS, concurrently with the execution of this Agreement, Grantor and Grantee contemplate entering into a Purchase Agreement related to the Property (the "**Purchase Agreement**");

WHEREAS, Grantee has requested the right of entry upon and access to the Property for the purpose of undertaking tests, inspections and other due diligence activities (herein called the "**Due Diligence Activities**") in connection with the proposed acquisition by Grantee of the Property;

WHEREAS, Grantor has agreed to grant to Grantee, and Grantee has agreed to accept from Grantor, a non-exclusive, revocable license to enter upon the Property to perform the Due Diligence Activities in accordance with the terms and provisions of this Agreement;

WHEREAS, Grantor and Grantee desire to execute and enter into this Agreement for the purpose of setting forth their agreement with respect to the Due Diligence Activities and Grantee's entry upon the Property.

NOW, THEREFORE, for and in consideration of the foregoing premises, the mutual covenants and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Grantor and Grantee do hereby covenant and agree as follows:

7. Access by Grantee.

(a) Subject to Grantee's compliance with the terms and provisions of this Agreement, until the earlier to occur of (i) the expiration of the Due Diligence Period (as defined in the Purchase Agreement); or (ii) the earlier termination of this Agreement, Grantee and Grantee's agents, employees, contractors, representatives and other designees (herein collectively called "**Grantee's Designees**") shall have the right to enter upon the Property for the purpose of conducting the Due Diligence Activities.

(b) Grantee expressly agrees as follows: (i) any activities by or on behalf of Grantee, including, without limitation, the entry by Grantee or Grantee's Designees onto the

Property in connection with the Due Diligence Activities shall not materially damage the Property in any manner whatsoever or disturb or interfere with the rights or possession of any tenant on the Property, (ii) in the event the Property is materially altered or disturbed in any manner in connection with the Due Diligence Activities, Grantee shall immediately return the Property to substantially the same condition existing prior to the Due Diligence Activities, and (iii) Grantee, to the extent allowed by law, shall indemnify, defend and hold Grantor harmless from and against any and all claims, liabilities, damages, losses, costs and expenses of any kind or nature whatsoever (including, without limitation, attorneys' fees and expenses and court costs) suffered, incurred or sustained by Grantor as a result of, by reason of, or in connection with the Due Diligence Activities or the entry by Grantee or Grantee's Designees onto the Property; provided, however, that in no event shall Grantee be liable for any liabilities, damages, losses, costs or expenses of any kind or nature that relate, directly or indirectly, to (y) consequential or punitive damages; or (z) matters that are merely discovered, but not exacerbated, by Grantee. Notwithstanding any provision of this Agreement to the contrary, Grantee shall not have the right to undertake any invasive activities or tests upon the Property, or any environmental testing on the Property beyond the scope of a standard "Phase I" investigation, without the prior written consent of Grantor of a workplan for such "Phase II" or invasive testing. If Grantor does not respond or reject any workplan within ten (10) days of Grantee's delivery of the written workplan proposal to Grantor pursuant to the notice provisions of this Agreement, then Grantor shall be deemed to have approved the submitted workplan and Grantee may proceed with such testing. If Grantor rejects such proposed workplan in whole or in part, then this Agreement shall become null and void at the sole option of Grantee, which option must be exercised by Grantee's giving Grantor written notice on or before the expiration of the Due Diligence Period, as defined in the Purchase Agreement.

8. Lien Waivers. Upon receipt of a written request from Grantor, Grantee will provide Grantor with lien waivers following completion of the Due Diligence Activities from each and every contractor, materialman, engineer, architect and surveyor who might have lien rights, in form and substance reasonably satisfactory to Grantor and its counsel. Grantee hereby indemnifies Grantor from and against any claims or demands for payment, or any liens or lien claims made against Grantor or the Property as a result of the Due Diligence Activities.

9. Insurance. Grantee shall, and shall cause all of Grantee's Designees performing the Due Diligence Activities to, procure or maintain a policy of commercial general liability insurance issued by an insurer reasonably satisfactory to Grantor covering each of the Due Diligence Activities with a single limit of liability (per occurrence and aggregate) of not less than One Million Dollars (\$1,000,000.00), and to deliver to Grantor a certificate of insurance evidencing that such insurance is in force and effect, and evidencing that Grantor has been named as an additional insured thereunder with respect to the Due Diligence Activities. Such insurance shall be maintained in force throughout the term of this Agreement.

10. Successors. To the extent any rights or obligations under this Agreement remain in effect, this Agreement shall be binding upon and enforceable against, and shall inure to the benefit of, the parties hereto and their respective heirs, legal representatives, successors and permitted assigns.



11. Limitations. Grantor does not hereby convey to Grantee any right, title or interest in or to the Property, but merely grants the specific rights and privileges hereinabove set forth.

12. 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 effective only upon receipt with proof of delivery. 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: Successor Agency to the  
Industry Urban-Development Agency  
15625 East Stafford Street, Suite 100  
City of Industry, California 91744  
Attention: Kevin Radecki

with a copy to: Richards, Watson & Gershon  
355 South Grand Avenue, 40th Floor  
Los Angeles, California 90071  
Attention: Jim G. Grayson

Developer: Northrop Grumman Systems Corporation  
One Space Park Drive, D/2  
Redondo Beach, California 90278  
Attention: Corporate Real Estate- Legal Notices

with a copy to: McKenna Long & Aldridge LLP  
300 South Grand Avenue, 14<sup>th</sup> Floor  
Los Angeles, California 90071  
Attention: Andrea Chang

and Northrop Grumman Systems Corporation  
2980 Fairview Park Drive  
Falls Church, Virginia 22042-4511  
Attention: Law Dept. – Real Estate Legal Notices

13. Assignment. This Agreement may be assigned by Grantee, in whole or in part.

14. Governing Law. This Agreement shall be construed, enforced and interpreted in accordance with the laws of the State of California.

15. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of such counterparts together shall constitute one and the same instrument.

16. No Recording of Agreement or Memorandum of Agreement. In no event shall this Agreement or any memorandum hereof be recorded in the Official Records of Los Angeles

County, California, and any such recordation or attempted recordation shall constitute a breach of this Agreement by the party responsible for such recordation or attempted recordation.

IN WITNESS WHEREOF, Grantor and Grantee have caused this Agreement to be executed and sealed, all the day and year first written above.

GRANTEE:

NORTHROP GRUMMAN SYSTEMS  
CORPORATION, a Delaware corporation

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

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

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

(Signatures continued)

GRANTOR:

SUCCESSOR AGENCY TO THE  
INDUSTRY URBAN-DEVELOPMENT  
AGENT

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

Attest:  
\_\_\_\_\_

**Exhibit A**

**LEGAL DESCRIPTION**

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

**LOT 5 OF TRACT NO. 28350, IN THE CITY OF INDUSTRY, COUNTY OF LOS ANGELES, STATE  
OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 776, PAGES 27 AND 28 OF MAPS, IN THE  
OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.**

**EXHIBIT “E”**  
**IMPROVEMENTS**

Construction of a modern groundwater treatment plant (the “**Plant**”) to treat contaminated groundwater from the Puente Valley Operable Unit. The Plant will be designed to reduce volatile organic compounds, 1, 4-dioxane, and perchlorate to meet or exceed applicable drinking water standards using two-stage liquid-phase granular activated carbon, advanced oxidation employing ultraviolet light and hydrogen peroxide and ion exchange resin and will treat an expected flow rate of approximately 1,500 gallons per minute. A modular reverse osmosis system will be used to treat total dissolved solids and nitrate as necessary. The equipment for these processes, as well as for safely storing water and chemicals, will be purchased and installed on the Property.

**EXHIBIT "F"**

**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 \_\_\_\_\_ (the "**Developer**") entered into a certain Purchase Agreement [111 Hudson Street] dated as of \_\_\_\_\_, 2015 (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:

17. 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.

18. 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:

\_\_\_\_\_  
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)



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

ITEM NO. 5.5



*SUCCESSOR AGENCY TO THE*  
***INDUSTRY URBAN - DEVELOPMENT AGENCY***

**MEMORANDUM**

**TO:** Board Members of the Oversight Board of the Successor Agency to the Industry Urban-Development Agency

**FROM:** Kevin Radecki, Executive Director

**DATE:** May 5, 2015

**SUBJECT:** Recommendation on Selection of a Broker to Represent the Successor Agency in the Sale of Property No. 68, the Tres Hermanos Ranch

Successor Agency to the Industry Urban-Development Agency staff, with the concurrence of the Advisory Committee, is recommending that the Board approve the selection of The Hoffman Company to serve as the Successor Agency's broker in the sale of the Tres Hermanos property (Property No. 68).

The process the Advisory Committee utilized in selecting a broker to recommend to the Oversight Board included sending request for proposals to seven firms deemed to be qualified in marketing this property. Staff received five proposals in response to the RFP. The Advisory Committee met and reviewed each of the five proposals received, and then interviewed three of the firms. The Advisory Committee interviewed Province West, WD Land, and The Hoffman Company. After interviewing the firms, the members of the Advisory Committee were in agreement that The Hoffman Company is best suited to represent the Successor Agency. It will be the Successor Agency's responsibility to pay the broker's fee at the close of escrow. This fee will be paid out of the proceeds from the sale of the property. The compensation is proposed to be on a sliding scale as follows:

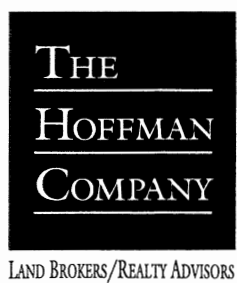
For that portion between 0 and \$10,000,000 a 2% fee.

For that portion between \$10,000,000 and \$20,000,000 a 1.5% fee.

For that portion over \$20,000,000 a 1% fee.

**Recommendation:**

It is recommended that the Oversight Board approve the selection of The Hoffman Company as broker for the marketing and sale of the Tres Hermanos Ranch (Property No. 68), and authorize the Executive Director of the Successor Agency to proceed with finalizing a contract for their services.



April 6<sup>th</sup>, 2015

Mr. Kevin Radecki  
Executive Director  
Successor Agency to  
The Industry Urban Development Agency  
15625 East Stafford Street  
City of Industry, CA 91744

**RE: Request for proposal to provide real estate brokerage services for the sale of Tres Hermanos Ranch.**

Dear Mr. Radecki,

The Hoffman Company is very pleased to submit our enclosed proposal for the sale of the 2,450 acre Tres Hermanos Ranch. As the largest land brokerage firm in Southern California, our firm specializes in the marketing and sale of land to investors, land developers and residential builders. We have both current experience and a long history of large land sales in terms of dollar amounts of over \$100 million for a single transaction to multiple Tracts of land within master planned communities.

Our services include all aspects required to obtain a maximum land value and sell it at "Fair Market Value". Our firm is experienced with and able to perform market analysis, development of strategies for the sale of the properties, coordination of the escrow, title review, and closings as well as handling all other activities and services associated with the marketing and sale of this historic ranch property.

In order to understand the highest and best use for the property, Victor Grady met with both Greg Gubman, Community Development Director for Diamond Bar and Joann Lombardo, Community Development Director for Chino Hills. A short summary of their comments are included on page 23 of our proposal. Greg Gubman estimates that the 700 plus acres in Diamond Bar has the potential to build up to 5,000 homes plus approximately 10 acres of retail. Joann Lombardo said that Tres Hermanos in Chino Hills might yield on 55 acres a total of 300 to 500 units and that, due to steep topography, biological and cultural constraints including potential paleontological, Indian artifacts and public resistance, a total of another 100 acres might be developable.

Given the total potential units that may be developed on the entire ranch, an "as-is" sale might be in the Hundred Million Dollar plus range and a sale based on approved specific plans and TTM's could be in the Two Hundred & Fifty Million to Four Hundred Million Dollars or more range depending on the site constraints including grading, infrastructure, etc. We have included in our marketing process on page 15 item 1 established offering guidelines "offers will be based on an "AS-IS" sale and/or close with entitlement timelines." Mr. Gubman said that due to the fact that the ranch is part in Diamond Bar and part in Chino Hills, it may be necessary to have two separate master plans processed in their respective city, although the potential for one comprehensive master plan will be explored.

Completed transactions listed in our proposal include International Investors from such countries as China (Hong Kong), for Twelve Oaks, a 700 acre master plan in Temecula, CA; Blue Canvas master plan in Huntington Beach, CA purchased by PLC with an investor partner from Saudi Arabia; Mesa Verde, a 3,400 unit master plan in Calimesa, CA purchased by one the largest companies in South Korea; Bastanchury Estates in Yorba Linda purchased by Hover Development with Kuwait Finance House (Lennar Homes was the Seller). Vellano, custom lots in Chino Hills, was purchased by investors from China (East Investors Grow). Many other International companies from Canada, Europe, Australia, Japan and others have funded numerous land sales brokered by The Hoffman Company.

We have outlined our typical marketing approach used on previous deals on page 15 of the proposal, which is modified to meet the unique requirements for Tres Hermanos Ranch.

The Hoffman Company has been in business providing land brokerage services for over 37 years as a leader in the land brokerage industry. Our sales volume since January 2013 exceeds one billion dollars and 135 land transactions. The undersigned are the Principals and Senior Land Brokers at The Hoffman Company and are authorized to bind the firm to all commitments made in the RFP for Real Property Brokerage Services.

Sincerely,



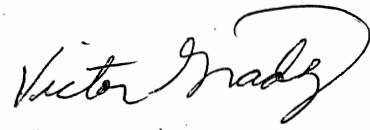
Tom Dallape  
Principal



Norm Scheel  
Principal



Graham Gilles  
Senior Broker



Victor Grady  
Senior Broker

# Tres Hermanos Ranch

2,450 Acres

THE  
HOFFMAN  
COMPANY

LAND BROKERS  
REALTY ADVISORS

CHINO HILLS

DIAMOND BAR

Request for Proposal for Real Property Brokerage Services

**MR. KEVIN RADECKI**

Executive Director

Successor Agency to the Industry Urban-Development Agency  
15625 East Stafford Street, City of Industry, CA 91744

Successor Agency to the Industry Urban Development Agency

**PREPARED BY**

**THE HOFFMAN COMPANY**

**Southern California Office**

18881 Von Karman Avenue, Suite 150

Irvine, California 92612

CA BRE #01473762

T 949.553.2020 | F 949.553.8449

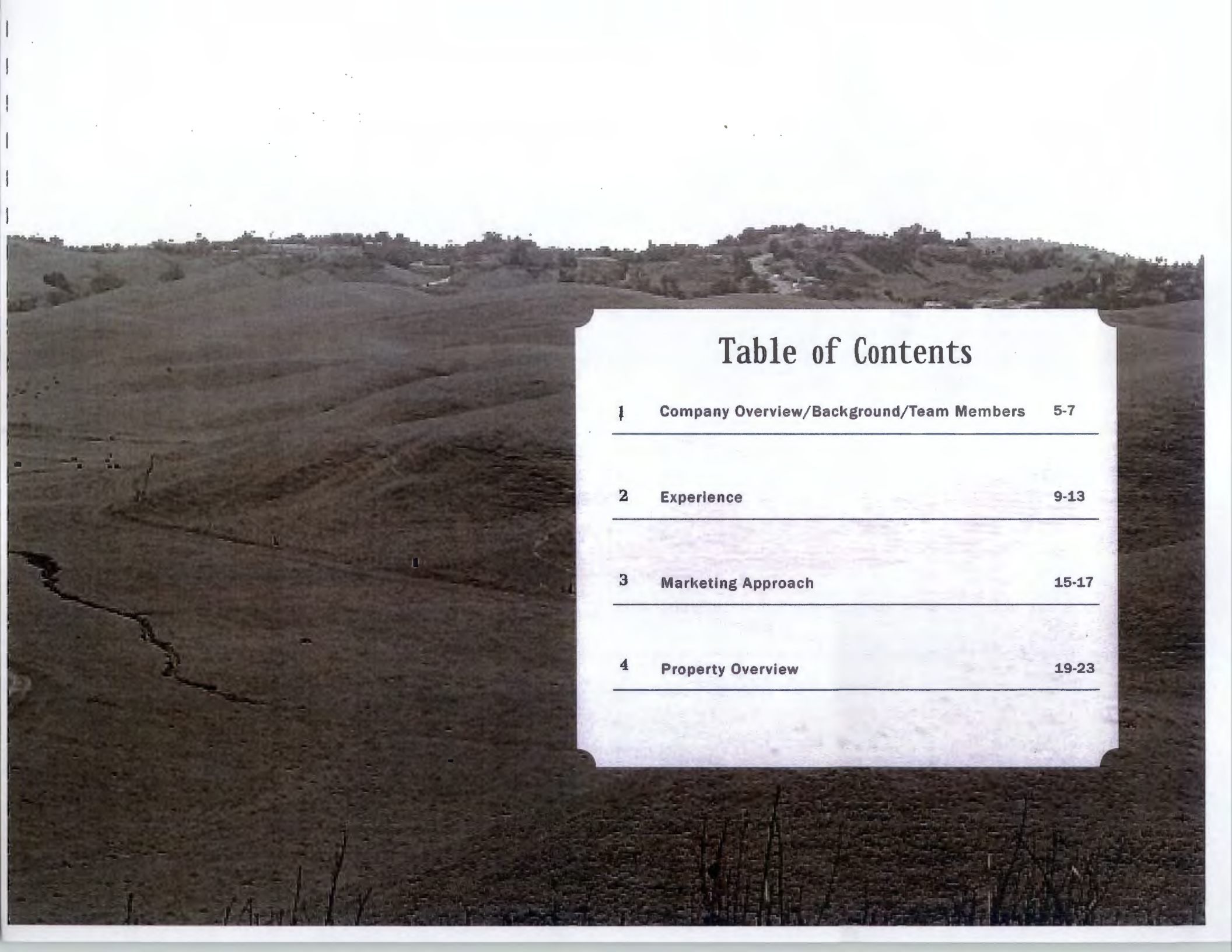
[www.hoffmanland.com](http://www.hoffmanland.com)

Graham Gilles, CA BRE #01252103

Victor Grady, CA BRE #01275966

Tom Dallape, CA BRE #01100284

Norm Scheel, CA BRE #00999403



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An aerial photograph of a ranch in a semi-arid landscape. The terrain is light-colored and appears to be a mix of dirt and sparse vegetation. In the center, there is a cluster of buildings, including a large, dark, rectangular structure that could be a barn or a shed. To the right of this structure is a smaller, white building. A large, dark, dense tree stands prominently in the foreground, partially obscuring the white building. To the left of the main building cluster, there are several smaller structures and what looks like a water tank. The overall scene is a typical rural ranch setting.

1 WHO WE ARE

TRES HERMANOS RANCH

## Who We Are

 **Founded by Bryan Hoffman in 1978**

Over three decades in the land business means more than 37 years of experience for The Hoffman Company. It means over 37 years of front line knowledge, loyal contacts and successful deals in every kind of market.

 **Responsible for more than 1,500 Real Estate Transactions**

The Hoffman Company has been responsible for more than 1,500 real estate transactions for a total \$6 billion since its inception. Many of our clients have been with us since the very beginning. We do more than connect land buyers and sellers; we help clients discover the opportunities that lie just beneath the surface. Being the oldest land brokerage firm in California means we not only have a database with thousands of local, regional, national and international buyers, it means we know who the best buyer is with the strongest track record for each property under consideration.

 **Sole Focus on land brokerage makes us unique**

Unmatched by our competitors, for over 37 years we have perfected our core skills as land brokers rather than trying to become consultants, receivers or investors. Our clients understand our offerings will fit their specific business plan - housing oriented land in a regional market. This focus ensures we quickly give our offering maximum exposure and attention in the marketplace.

 **Bring knowledge, Investment and Technology together**

A plan of high-tech tools with high-touch focus ensures each site we market receives maximum exposure and detailed attention from our clients.

 **Results Speak**

When you have an asset as valuable as land, it pays to work with California and Nevada's most experienced land brokerage firm. Since the firm's inception it has sold over 6 Billion in land sales. In 2013 - 2014 The Hoffman Company has over \$1 billion sold.



## Team Members



**Tom Dallape, Co-Owner**

CA BRE Lic #01100284

NV RED#B.1000466

email: [tdallape@hoffmanland.com](mailto:tdallape@hoffmanland.com)

office tel: 949.705.0928

address: 18881 Von Karman Avenue, Suite 150  
Irvine, California 92612

### Biography

Tom is a 20-year veteran of The Hoffman Company. His total sales transaction volume in excess of \$1 billion. In 2005, Tom purchased The Hoffman Company with partner Norm Scheel. Tom's specialty includes residential and commercial land sales, centering in Southern California. Major transactions include the sale of 2,500+ lots in Eastvale; 2,000 acres in New Model Colony in Ontario; 850 lots in East Highland Ranch; 600 lots in Warm Springs in Murrieta; 1,200 acres Bryant Ranch in Yorba Linda; 200 lots in Mission Viejo; 200 lots in Huntington Beach; and 132 lots in San Juan Capistrano. Major lender clients include Wells Fargo Bank, US Bank and Bank of America. Major homebuilder clients include Lennar, DR Horton, Warmington Homes, KB Home, Standard Pacific and Shea Homes. Tom holds a Bachelor of Science in Urban Land Planning at the University of Southern California. He is a member of the Building Industry Association of Southern California. Tom is a licensed Real Estate Broker in both California and Nevada.

### Notable Transactions

- Career land sales in excess of \$1.25 Billion
- San Juan Hills : 134 Lots, San Juan Capistrano, California
- Blue Canvas : 201 Lots, Huntington Beach, California
- City of Eastvale : 3,000+ Lots, Eastvale, California
- New Model Colony : 1,000+ Acres, Ontario California
- Mandalay : 292 Lots, Oxnard California
- City of Chino : 1,000+ Lots, Chino California
- Temecula/Murrieta : 1,500+ Lots, South Riverside County



**Norm Scheel, Co-Owner**

CA BRE Lic #0099403

email: [nscheel@hoffmanland.com](mailto:nscheel@hoffmanland.com)

office tel: 949.705.0932

address: 18881 Von Karman Avenue, Suite 150  
Irvine, California 92612

### Biography

Norman Scheel joined The Hoffman Company in 1989 and remains one of the firm's top brokers with total closings in excess of \$1.5 billion. Mr. Scheel acquired the firm in 2005 from founder Byron Hoffman and is currently co-owner with partner Tom Dallape. With more than 22 years in the business, Mr. Scheel has professional relationships with California's leading homebuilders, land developers and financial institutions.

As President of The Hoffman Company, Mr. Scheel has led the firms' expansion by opening offices in Nevada and Northern California.

Mr. Scheel has been a panelist and guest speaker at numerous real estate conferences throughout California.

### Notable Transactions

- Total closings in excess of \$1.5 Billion
- Orange County: Huntington Beach Blue Canvas 201 lots
- San Diego County: Oceanside Arrowood Masterplan 1,007 lots
- Riverside County: Riverside Lake Hills Masterplan 512 lots
- San Bernardino: Chino Hills Pinehurst Masterplan 693 lots
- Los Angeles: Palmdale Rancho Vista 1,541 lots

## Team Members

**Graham Gilles**

CA BRE Lic #01252103

email: ggilles@hoffmanland.com

office tel: 949.705.0914

address: 18881 Von Karman Avenue, Suite 150  
Irvine, California 92612**Biography**

Mr. Gilles joined The Hoffman Company in the year 2000 as a land broker specializing in residential and commercial land uses in the both Inland and Urban Infill markets. Mr. Gilles has provided expert brokerage, valuation and market data to land owners, homebuilders, land developers, apartment developers and investors. In addition he has great experience in dealing with large banking, financial institutions and city and governmental agencies. along with a number of entitlement

Prior to joining the Hoffman Company Mr. Gilles was a Financial Analyst at Highpointe Communities from 1995 to 2000. During his tenure he was also involved in the processing of in excess of 5,000 lots and over 500 apartment units. This past experience brings a unique skill set to the brokerage side of the business and has lead to becoming one of the leading brokers at the firm for many years.

As a former ATP tennis professional Mr. Gilles has a passion for sports and the outdoors. He is an avid golfer, mountain biker and fly-fisherman. He currently resides in Laguna Beach with his wife Celeste and their two children, Trent and Camden.

**Notable Transactions:**

- Career land sales in excess of \$700 million
- Riverwalk Vista Villages I, II, III: Riverside, CA
- Etiwanda Heights: 358 Lots: Rancho Cucamonga, CA
- 700 Acres: Temecula, CA
- Mountain Bridge, 340 Acres: Beaumont, CA
- Quail Ranch, 805 Acres: Moreno Valley, CA

**Victor Grady**

CA BRE Lic #01252103

email: vgrady@hoffmanland.com

office tel: 949.705.0917

address: 18881 Von Karman Avenue, Suite 150  
Irvine, California 92612**Biography**

Mr. Grady joined The Hoffman Company in 2000 as a land broker specializing in master planned communities, mixed use, estate residential, commercial and re-development projects in the Orange, Riverside, San Bernardino and Los Angeles County markets. His primary duties include land brokerage services for the home building industry and commercial industry projects in Southern California.

Mr. Grady's closed land sales include Central Park West in Irvine with a purchase price of \$108 million dollars as a single cash purchase. In Yorba Linda, Mr. Grady represented the buyer that purchased from Pulte Homes at Kerrigan Ranch. Victor also acted as dual agent for the sale of half acre lots for Lennar Homes and Bastanchury Associates (Kuwaiti Investment Bank) located on Bastanchury and Lakeview in Yorba Linda. Mr. Grady has closed hundreds of millions in land sales mainly in Orange County and Los Angeles County. While at the Irvine Company, Mr. Grady acted as Project Manager and participated in the design and development of tens of thousands of residential units on the Irvine Ranch.

Victor and his wife Julie have two daughters; Becky and her husband Kevin live in Irvine with their daughters Gracie, Janie and Lucy. Mary lives with her husband Michael with their their son Liam in Seattle, Washington.

An aerial photograph of a ranch in a semi-arid landscape. The terrain is light brown and sandy with sparse vegetation. A central building complex includes a large white structure, a dark rectangular building, and several smaller structures. A prominent, dark, rounded tree stands near the white building. A concrete foundation or wall runs horizontally across the middle of the image. In the upper left, a cylindrical tank is visible. The overall scene is captured from a high angle, showing the layout of the buildings and the surrounding land.

2 EXPERIENCE

TRES HERMANOS RANCH

2013 - 2015 Transactions

**\$1,073,171,692**

Total Sales in California & Nevada  
January 2013 - April 2015

**136** TOTAL TRANSACTIONS

**10,225** RESIDENTIAL LOTS

**10**

NORTHERN CA  
Transactions

**17**

NEVADA  
Transactions

**7**

VENTURA CO.  
Transactions

**17**

SAN BERNARDINO CO.  
Transactions

**33**

LOS ANGELES CO.  
Transactions

**4**

ORANGE CO.  
Transaction

**48**

RIVERSIDE CO.  
Transactions

Current **COMBINED**  
listings AND  
escrows IN EXCESS  
of **5,000** LOTS.

## Major Project Experience

**BLUE CANVAS MASTERPLAN**

201 Lots  
Huntington Beach, CA  
\$50,000,000 Sale

**SAN JUAN HILLS**

132 Lots  
San Juan Capistrano, CA  
\$45,000,000 Sale

**CENTRAL PARK WEST**

1,380 Units  
Irvine, CA  
\$100,000,000 + Sale

**ARROWOOD MASTERPLAN**

1,007 Lots  
Oceanside CA  
\$120,000,000 + Sale

**UNIVERSITY CREST**

660 Lots  
Rancho Cucamonga, CA

**BRYANT RANCH MASTERPLAN**

1,200 Acres  
Yorba Linda, CA

**PINHERST MASTERPLAN**

693 Lots  
Chino Hills, CA

**RANCHO VISTA MASTERPLAN**

1,541 Lots  
Palmdale, CA

**ETIWANDA HEIGHTS**

358 Lots  
Rancho Cucamonga, CA

**WARM SPRINGS MASTERPLAN**

601 Lots  
Murrieta, CA

**CALIMESA RIDGE**

3,400 Lots  
Calimesa, CA

**TWELVE OAKS**

700 Acres  
Temecula, CA

**JESS RANCH MASTERPLAN**

4,000 Units  
Victorville, CA

**AVANTI MASTERPLAN**

1,593 Lots  
Lancaster, CA

Current Major Listings

## Orange County Register Campus

14.32 Acres  
 Santa Ana | Orange County  
 Seller: Freedom Communities  
 CO - LISTED



## Los Angeles Times Site

20+ Acres  
 Costa Mesa | Orange County  
**TRIBUNE**  
 CO - LISTED



## CONFIDENTIAL

470 Acres  
 Orange County  
  
 CONFIDENTIAL



## Avalon

1,150 Units  
 Palm Springs | Coachella Valley  
**LEHMAN BROTHERS**  
**LAMCO**



## 80 Acres 206 Lots

Rancho Mirage | Coachella Valley  
  
 Palm Springs School District



## Delta Coves

560 Units | Bethel Island  
 Contra Costa County



CO - LISTED



## Wallis Ranch

806 Lots on 184.1 Acres  
 Dublin | Alameda County





**DIAMOND BAR**

**TRES  
HERMANOS  
2,450 AC**

**CHINO HILLS**

**ERA ENERGY**  
1,985 Acres  
3,500 Units  
(Proposed)

**BREA**

**BLACKSTONE**

**REQUEST FOR PROPOSAL**

**MADRONA**  
TM 15965  
162 Lots

**CANYON HILLS**  
76 Lots

**CHINO HILLS**  
107 Lots

**VELLANO**



## Canyon Hills | 76 Lots/141 Acres

Chino Hills

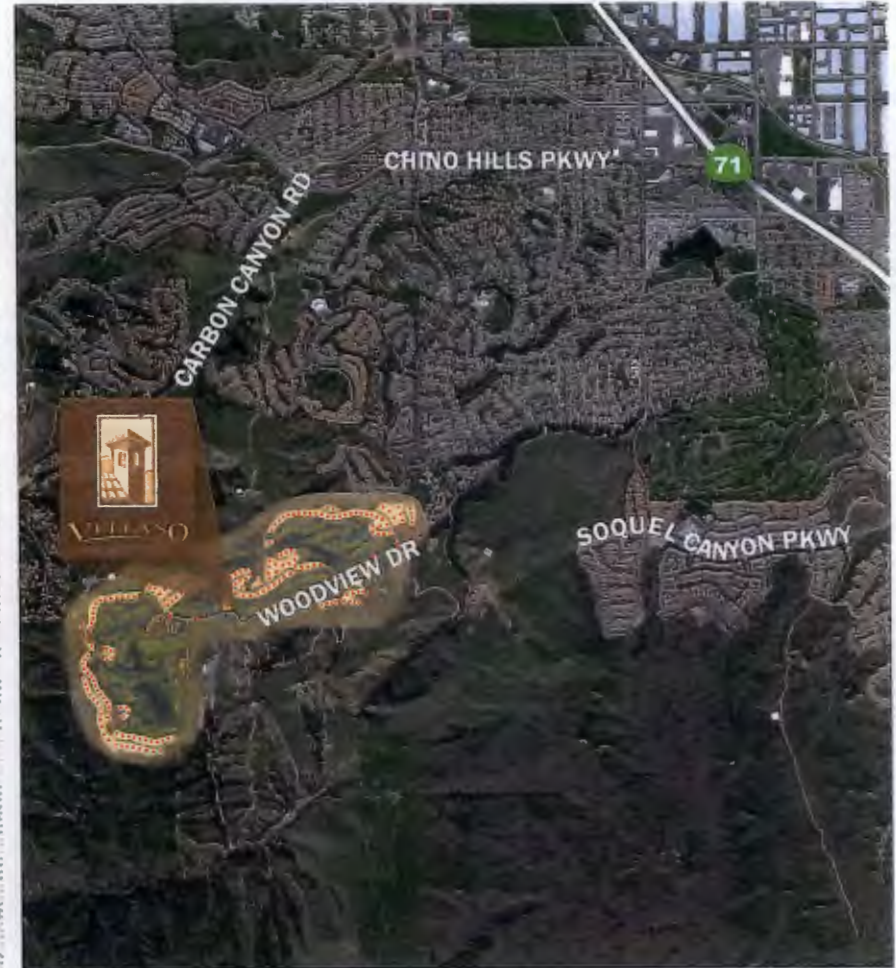
Seller: Foremost Communities / Buyer: Woodbridge Homes



## Vellano

Chino Hills

Seller: Oaktree / Buyer: East Investors Grow





An aerial photograph of a ranch. In the center, a large, dark, dense tree stands prominently. To its right, there is a cluster of buildings, including a white structure and a smaller dark one. To the left of the tree, there are several long, dark rectangular structures, possibly sheds or barns. The ground is a mix of light-colored soil and sparse vegetation. The overall scene is captured from a high angle, showing the layout of the buildings and the surrounding terrain.

3 MARKETING APPROACH

TRES HERMANOS RANCH

## Marketing Process

1

**PRE-MARKETING: CREATE MARKET ANALYSIS**

- » 37 years of experience
- » Establish targeted buyer list and Bid Date
- » Established highest and best use to maximize value and achieve highest possible "fair market value"
- » Prepare robust digital and hard copy marketing materials including Chinese translated versions
- » Establish offering guidelines. Offers will be based on an as-is sale and/or close with entitlement timelines.
- » Obtain City of Industry/Successors Agency approval of marketing Materials

2

**MARKETING LAUNCH**

- » Distribute hard and electronic copies of marketing materials
- » Site will be featured on major national and international publications, real estate networks and websites
- » Set up site tours, meet with buyers and capital sources to review opportunity
- » Respond to all buyer questions and assist with underwriting
- » Update City of Industry/Successors Agency on progress and market reception of site.

3

**OFFERING DEADLINE**

- » Catalogue offers and analyze results
- » Provide all proposals, discuss and recommend to City of Industry/Successor Agency short list

4

**FINALIST SELECTION**

- » Conduct "Best and Final" Round with shortlist of buyers
- » Interview "Best and Final" candidates and their capital partner to vet assumptions
- » Distribute PSA for review and request attorney redline comments
- » District to participate in interview process

5

**BUYER SELECTION**

- » Make recommendations to select buyer based upon price, ability to perform, reputation and property knowledge
- » PSA execution
- » Active escrow management to enforce contract dates and conditions to ensure a timely closing



Basic Terms and Proposed Timeline

**BASIC TERMS**

Brokerage	Scheel Dallape, Inc. DBA The Hoffman Company				
Property	Tres Hermanos Ranch				
Owner	City of industry				
Listing Term	180 Days				
Broker Fees	Sliding Scale, see below. If no sales or lease occur, there will be no cost to the district.				
Sliding Scale	<table border="0"> <tr> <td>\$0 to \$100,000,000</td> <td>2.0%</td> </tr> <tr> <td>\$100,000,000 +</td> <td>1.25%</td> </tr> </table>	\$0 to \$100,000,000	2.0%	\$100,000,000 +	1.25%
\$0 to \$100,000,000	2.0%				
\$100,000,000 +	1.25%				
Effective Date	Effective period of proposal shall be 180 days from engagement.				
Brokers	Graham Gilles, CA BRE#01252103 Victor Grady, CA BRE #01275966 Tom Dallape, CA BRE #01100284 Norm Scheel, CA BRE #00999403				

**KEY OFFERING MILESTONES**

**30 days**

- » Pre-marketing: Create Market Analysis
- » Marketing Launch

**60 days**

- » Offering Deadline
- » Finalist Selection

**14 days**

- » Buyer Selection

**TBD**

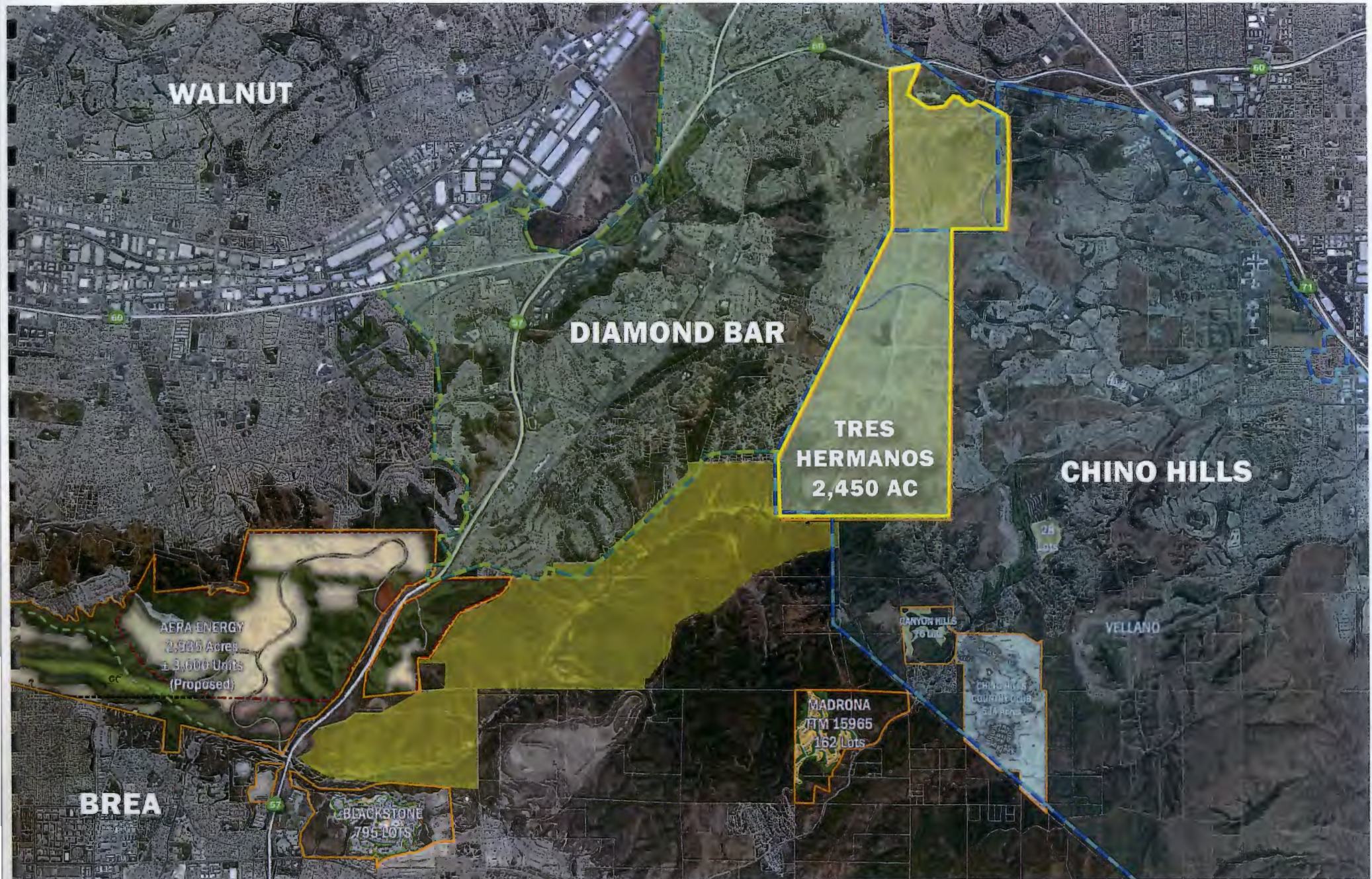
- » Close of Escrow

An aerial photograph of a ranch property. The image shows a large, flat, light-colored area, possibly a field or a large yard, with several buildings and structures. In the center, there is a large, dark, rectangular building, possibly a barn or a warehouse. To the left of this building, there are several smaller structures, including what appears to be a house or a smaller barn. A large, dark, leafy tree is prominent in the lower right quadrant of the image. The overall scene is a wide, open area with some scattered vegetation and structures.

4 PROPERTY OVERVIEW

TRES HERMANOS RANCH

Vicinity Map




### Close Up Aerial


**Location**

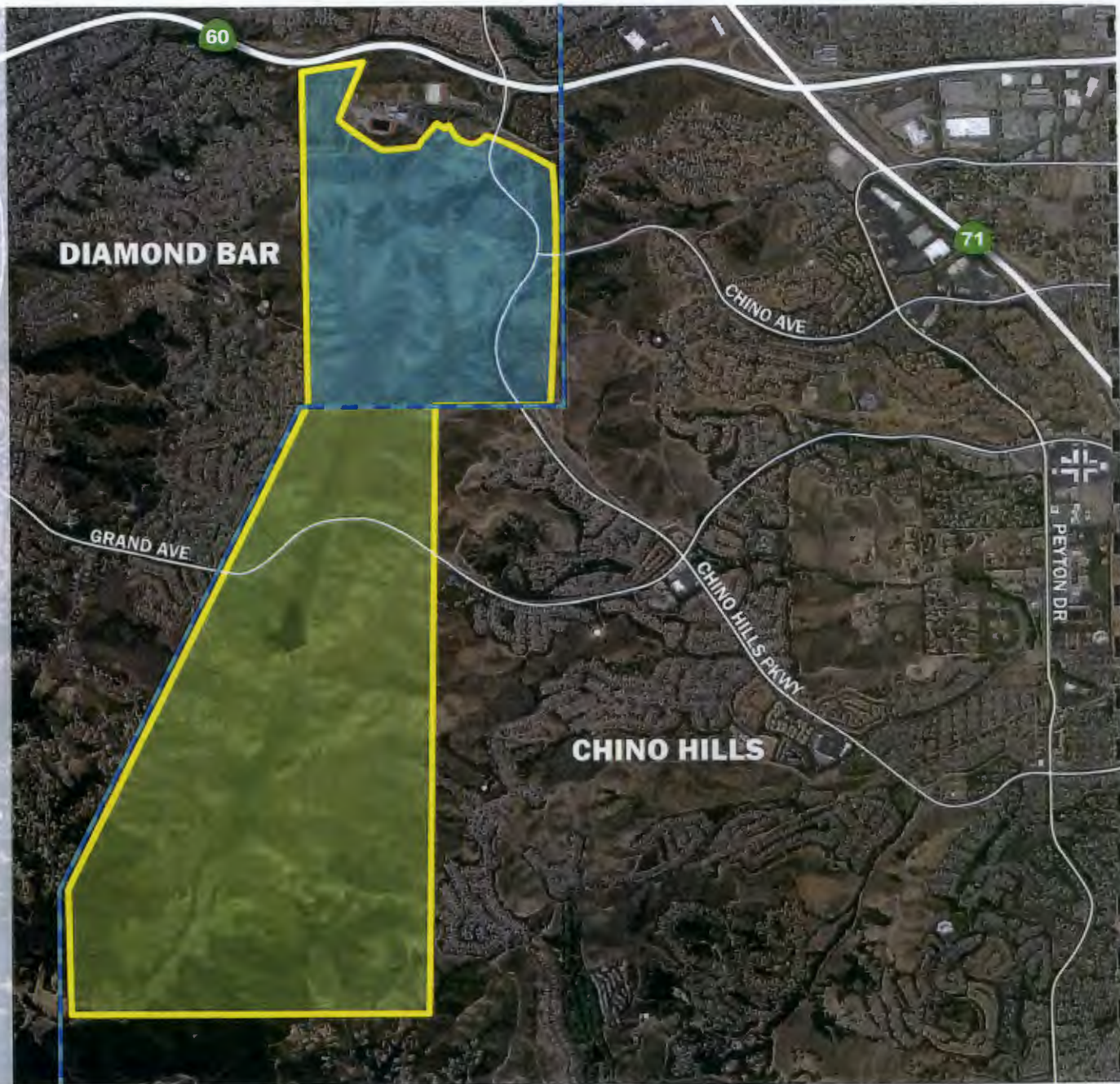
Located south of the 60 freeway and situated between the 57 and 71 freeways within the cities of Diamond Bar and Chino Hills.

**Acres**

2,450 Acres Total

 CHINO HILLS (County of San Bernardino)  
± 1,700 Acres

 DIAMOND BAR (County of Los Angeles)  
± 1,700 Acres



Close Up Aerial (Custom Aerial)





### Regional Map



TRES HERMANOS RANCH



## City Planning Guidance

## Initial Opportunity and Constraints Analysis

**DIAMOND BAR**

Meeting with: Marketing with Greg Gubman  
Community Development Director  
Meeting held - March 27, 2015

---

- » Zone change general plan amendment will be necessary for development
- » 700 Acres in the City of Diamond Bar
- » Specific Plan Required
- » Extensive public outreach will be needed
- » Per housing element 17.5 acres high density required (30 DU/Acre)
- » Potential of 400 - 500 Acres developable with approximately 10% open space buffer to existing homes
- » Per Greg Gubman City is open to various densities via a comprehensive land plan
- » Densities of up to 10 DU/Acre per usable acre could be supported in some areas.
- » Developer to provide city with public improvements such as sports fields, aquatic center and other uses via a development agreement.

**CHINO HILLS**

Meeting with: Joann Lombardo  
Community Development Director  
Meeting held - April 2, 2015

---

- » Recent General Plan Amendment placed 100 Very High Density unit and 470 mixed use units on 55 acres of Tres Hermanos Ranch
- » This area of the Tres Hermanos Ranch was previously zoned commercial in the 1994 General Plan
- » Currently other pending developments may reduce the very high and mixed use development numbers
- » The balance of Tres Hermanos is designated Agriculture Ranch which allows up to 1 DU/5 Acres
- » A master plan or specific plan for the entire 1,700 acres Tres Hermanos Ranch within Chino Hills would be required as part of any development proposal.
- » Additional 100 plus acres must be available for mixed-use and medium to high density residential.
- » The Majority of the property shall remain as open space.
- » Steep hillsides and topography limit development
- » A number of biological cultural resources exist on the property



LAND BROKERS  
REALTY ADVISORS

**SOUTHERN CALIFORNIA OFFICE**

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**COACHELLA VALLEY OFFICE**

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Palm Springs, CA 92262  
T 760.969.7357 | F 949.553.8449

**NORTHERN CALIFORNIA OFFICE**

2121 North California Blvd., Suite 290  
Walnut Creek, CA 94596  
T 925.478.8429 F 949.553.8449

**NEVADA OFFICE**

3753 Howard Hughes Parkway, Suite 200  
Las Vegas, NV 89169  
T 702.784.7680 | F 949.553.8449