

APPROVED
JAN 17 2018

**BOARD OF RECREATION
AND PARK COMMISSIONERS**

BOARD REPORT

NO. 18-014

DATE January 17, 2018

C.D. 3

BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: RESEDA SKATE FACILITY – FINAL AUTHORIZATION TO PROCEED WITH THE ACQUISITION OF PROPERTY LOCATED AT 18128 AND 18210 SHERMAN WAY FOR PARK PURPOSES; APPROVAL OF CONCEPTUAL PLAN; CATEGORICAL EXEMPTION FROM THE CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) PURSUANT TO ARTICLE 19, SECTION 15325, CLASS 25 SECTION [ACQUISITION OF LAND FOR FUTURE PARK PURPOSES] AND SECTION 15332, CLASS 32 [IN-FILL DEVELOPMENT PROJECTS] OF THE STATE CEQA GUIDELINES]

AP Diaz	<u> </u>	V Israel	<u> </u>
*R. Barajas	<u><i>CB</i></u>	S Piña-Cortez	<u> </u>
H. Fujita	<u> </u>	N. Williams	<u> </u>

M. Shum
General Manager

Approved X Disapproved Withdrawn

RECOMMENDATION

1. Approve the Conceptual Plan for the Reseda Skate Facility, as presented by Department of Public Works, Bureau of Engineering (BOE);
2. Authorize the Department of Recreation and Parks (RAP) to acquire real property, consisting of four parcels (Los Angeles County Assessor's Parcel Numbers (APN) 2125-036-900, 2125-036-901, 2125-036-902, and 2125-036-903) totaling approximately 92,790 square feet or 2.13 acres, and located at 18128 and 18210 Sherman Way in the Reseda area of the City (Property), as further described in the Summary of this Report, contingent on the following conditions:
 - A. Sufficient funding will have been identified and approved by the Mayor and City Council to pay for the acquisition of the Property and for the development of the Reseda Skate Facility Project through Park Fees, CDBG funds, Proposition K funds, CD 3 CRA/LA Excess Bond Proceeds, Private Contributions, Private Loans, and/or other funding source(s) yet unidentified;
 - B. Sufficient funding will have been identified and approved by the City Council to pay for the City's share of the closing costs for the acquisition of the subject parcels;

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- C. The Mayor having exercised the Option by and between the City of Los Angeles and the CRA/LA, a Designated Local Authority and successor agency to the former Community Redevelopment Agency of the City of Los Angeles (CRA/LA) to acquire the Property, pursuant to the terms and procedures identified in the Option Agreement between the City and CRA/LA (City Contact No. C-125180) (Option Agreement);
- D. Confirmation from the Department of General Services (GSD) of the clearance/resolution of all Liens and any Title issues prior to closing of escrow;
- E. Any additional required environmental assessments, if needed, will have been completed and satisfied prior to close of escrow;
- 3. Adopt the Resolution, herein included as Attachment 1, authorizing GSD, and other Departments as necessary, per Charter Section 594(a) and (b), to assist RAP in obtaining fee title to Los Angeles County Assessor's Parcel Numbers (APN) 2125-036-900, 2125-036-901, 2125-036-902, and 2125-036-903;
- 4. Request that the Mayor exercise the Option to acquire the Property from CRA/LA;
- 5. In order to expedite the acquisition of the Property, grant authority to GSD and City Attorney's Office to review, negotiate, draft, and finalize forthwith a Purchase and Sale Agreement (PSA) on behalf of the Board for the purchase of the Property for the purchase price of Six Million Eight Hundred Forty Five Thousand Dollars (\$6,845,000.00), pending final review and approval by GSD and/or other City Department as necessary, and subject to the approval of the City Attorney as to form and legality;
- 6. Authorize the Board President and Secretary to, upon notice from the Mayor that the purchase of the Property from CRA/LA has received all required approvals from the CRA/LA Governing Board, Oversight Board, and State Department of Finance, and upon completion and approval of all conditions indicated in this Board Report, execute the PSA, as well as all related documents;
- 7. Authorize RAP staff to commit, from the following fund(s) and work order number(s), a maximum of Five Hundred Thousand Dollars (\$500,000.00) in Park Fees, for the Reseda Skate Facility Project:

<u>FUNDING SOURCE</u>	<u>FUND/DEPT./ACCT. NO.</u>	<u>WORK ORDER NO.</u>
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Park Fees	302/89/89716H	QM153686
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- 8. Authorize RAP's Chief Accounting Employee to set up any necessary accounts and transfer the necessary monies to the appropriate City Departments accounts and/or Escrow accounts designated for the acquisition of the Property;

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9. Direct the Board Secretary to execute the escrow instructions and to accept the grant deed to the Property, which shall be set apart and dedicated as park property in perpetuity;
10. Find that the proposed project is categorically exempt from CEQA pursuant to Article 19, Sections 15325 and 15332 of the State CEQA Guidelines, and direct staff to file a Notice of Exemption;
11. Authorize the RAP's Chief Accounting Employee to prepare a check to the Los Angeles County Clerk in the amount of Seventy-Five Dollars (\$75.00) for the purpose of filing a Notice of Exemption;
12. Direct staff to return to the Board with a final plan for the development of the Reseda Skate Facility project;
13. Authorize RAP's Chief Accounting Employee to make technical corrections as necessary to establish the necessary accounts to acquire the project site, and to accept and/or authorize transfer of the necessary monies to fund the acquisition to the appropriate City Department accounts or escrow company account in order to carry out the intent of this Report; and,
14. Authorize the RAP General Manager, or designee, and City Attorney to make technical corrections, as needed, to carry out the intent of the RAP Board's action and authorize staff to implement those technical adjustments in order to expeditiously complete the acquisition.

SUMMARY

The Reseda Skate Facility project proposes the acquisition of property located at 18128 and 18210 Sherman Way (Property), in the Reseda area of the City, and the development of an ice skating rink and a roller hockey rink, and a parking lot.

The property consists of four parcels (Los Angeles County Assessor's Parcel Numbers (APN) 2125-036-900, 2125-036-901, 2125-036-902, and 2125-036-903), which are currently owned by the CRA/LA, a Designated Local Authority and successor agency to the former Community Redevelopment Agency of the City of Los Angeles (CRA/LA) and known by the CRA/LA as Asset ID No. 241. The property was formerly improved with commercial buildings however those buildings have since been demolished and the property is currently vacant.

On January 8, 2015, the City entered into an Option Agreement (Option Agreement) with the CRA/LA to provide the City with the option to purchase the CRA/LA owned property located at 18128 and 18210 Sherman Way and use the property for the proposed Reseda Skate Facility (City Contact No. C-125180). The City has until March 2, 2018, to exercise its option to purchase the property from the CRA/LA.

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The City Council has requested that RAP with the assistance of BOE and all other affected Departments, take the lead on the Reseda Skate Facility to ensure acquisition of the necessary CRA/LA parcels in a timely manner (Council File No 17-0832).

On September 20, 2017, the Board of Recreation and Park Commissioners (Board) authorized RAP to initiate the process for the possible acquisition of the property and complete preliminary acquisition activities, directed staff to return to the Board with escrow instructions and related documents for the Board's final approval to acquire the property, and directed staff to return to the Board with a conceptual plan for the Reseda Skate Facility project (Report No 17-203).

RESEDA SKATE FACILITY CONCEPTUAL DESIGN

The Proposition K ballot measure set aside to the City Two Hundred Ninety Eight Million, Eight Hundred and Fifty Thousand Dollars (\$298,850,000.00) of the total amount generated over 30 years for 183 specified projects. The Reseda Skate Facility was one of the 183 specified projects included in the Proposition K ballot measure. The scope of the Reseda Skate Facility, as described in the ballot measure, is for "acquisition and construction of an ice hockey and roller blading facility".

BOE, has developed three (3) conceptual options, including project costs for each option, to locate the Reseda Skate Facility on the Property. Ultimately, "Option 3" was identified as the preferred option. Option 3 proposes to locate the roller hockey rink and the ice skating rink on the 18210 Sherman Way parcel and locate the parking lot on the 18128 Sherman Way parcel. The project concept assumes the development of:

- 60'x120 roller hockey rink built on grade with a shade structure and 1,200 square foot building to house related rink offices, restrooms and storage.
- An approximately 26,800 square foot Ice Rink Building with a 85'x200' ice surface, cooling infrastructure, ice grooming equipment storage, Zamboni machine room, locker rooms for two (2) teams, restrooms, office space, public seating, skate rental area, pro shop and concessions space, and other ancillary spaces required by ice hockey and figure skating.
- A 127 space parking lot with driveways, fencing, landscaping and security lighting

The conceptual plan for the Reseda Skate Facility is attached as Attachment 2.

BOE's current cost estimate for the Reseda Skate Facility, including land acquisition costs, design and soft costs, construction costs, and project escalation and contingencies, is Twenty Five Million Seven Hundred Five Thousand Dollars (\$25,705,000.00).

Once the acquisition of the Property is complete, BOE will initiate the design process for the Project. The final design for the Project, once complete, will be presented to the Board for the Board's review and approval.

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BOE's current project schedule anticipates that project construction would begin in November 2019 and complete in March 2021.

OPTION AGREEMENT

The Option Agreement specifies the process for the City to acquire the CRA/LA property, including the process for determining the fair market value and the purchase price for the property.

The Option Agreement is attached as Attachment 3.

As previously discussed, the City has until March 2, 2018, to notify the CRA/LA that it is exercising its option to purchase the property. This notification (Option Notice) is exercised via a letter from the Mayor to the CRA/LA, and is required to include the purchase price, the escrow closing date, and a detailed plan for the development of the property. If the City does not exercise its option to acquire the property by March 2, 2018, the CRA/LA will move forward with the disposal of the property pursuant to State Law.

Section 12 of the Option Agreement specifies how the appraisal of the Property is to be conducted and how the fair market value and purchase price for the property are determined. The fair market value, as determined by Section 12 of the Option Agreement, constitutes the purchase price of the Property.

Per Section 12 of the Option Agreement, both the City and CRA/LA are to perform an appraisal of the Property, and if the appraised values of those two reports differ by more than ten (10) percent a third appraisal shall be done by an appraiser mutually agreed to by the City and the CRA/LA. If the third appraisal is less than either the City's appraisal or CRA/LA's appraisal, then the fair market value of the Property is the average of the two (2) lowest appraisals. If the third appraisal is greater than the City's appraisal and CRA/LA's appraisal, then fair market value of the Property shall be the average of the two (2) highest appraisals. If the third appraisal falls between the City's appraisal and CRA/LA's appraisals, the fair market value of the Property shall be the value established by the third appraisal.

For purposes of determining the fair market value, the date of the appraisal on which the fair market value is based must be dated within six months of the closing date. If the appraisal date is more than six (6) months prior to the closing date, the fair market value shall be either based on appraisal updates dated within six months of the Closing Date or new appraisals, as mutually agreed upon by the City and CRA/LA.

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PROPERTY APPRASIALS

Below is a summary of the fair market values from all the appraisal reports for this Project with the dates of value.

Appraisal	Appraiser	Date of Value	Opinion of Value	Value of CRA/LA Parcels
City Appraisal	Colliers International	July 19, 2016 (Revised)	\$8,430,000.00	\$4,826,000.00
CRA/LA Appraisal	Cushman & Wakefield	June 8, 2016	\$5,800,000.00	\$5,800,000.00
3rd Appraisal	Integra Realty Resources	January 10, 2017	\$7,420,000.00	Not Used in Analysis
3rd Appraisal (Updated)	Integra Realty Resources	October 19, 2017	\$7,890,000.00	\$7,890,000.00

The Department of General Services (GSD) reviewed the appraisal reports for this Project to determine if the purchase price for the Property is consistent with their professional opinion of market value, including escrow fees and title insurance fees.

GSD has determined that the appraisals from Cushman & Wakefield and Integra Realty Resources value the subject parcels being acquired from the CRA/LA. These parcels are 2125- 036-900,901,902, and 903 for a total of 2.13 acres. The Colliers International appraisal (Colliers) dated July 19, 2016 values the four CRA/LA parcels and additional non-CRA/LA parcels. The non-CRA/LA parcels valued by Colliers are: 2125-036-023, 047, 048, 105, and 106. Those additional non-CRA/LA parcels had been included in the final opinion of value and contribute to the overall appraised value of Eight Million, Four Hundred Thirty Thousand Dollars (\$8,430,000.00). The CRA/LA parcels are valued at Four Million, Eight Hundred Twenty-Six Thousand Dollars (\$4,826,000.00) by the Colliers appraiser.

Therefore, based on the process described in Section 12 of the Option Agreement, the purchase price of the Property is Six Million, Eight Hundred Forty-Five Thousand Dollars (\$6,845,000.00), which is the average of the two (2) highest appraisals of fair market value

PURCHASE AND SALE AGREEMENT

The acquisition of the Property and the acceptance of this project will entail the drafting, approval, and execution of a Purchase and Sale Agreement (PSA). The PSA consists of all the acquisitions conditions, terms and obligations required of the City and and CRA/LA.

Staff is recommending that the Board, in order to expedite the acquisition of the Property, grant authority to GSD and City Attorney's Office to review, negotiate, draft, and finalize a PSA on behalf

of the Board, pending final review and approval by GSD and/or other City Department as necessary, and subject to the approval of the City Attorney as to form and legality.

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Additionally, staff recommends that the Board authorize the Board President and Secretary to, upon notice from the Mayor that the purchase of the Property from CRA/LA has received all required approvals from the CRA/LA Governing Board, Oversight Board, and State Department of Finance, and upon completion and approval of all conditions indicated in this Board Report, execute the PSA.

PROJECT FUNDING

The City Council has requested that the City Administrative Officer (CAO) and the Chief Legislative Analyst (CLA), with assistance of RAP and other City Departments, prepare a financing plan to acquire the CRA/LA parcels and build the Reseda Skate Facility (Council File No. 17-0832). The CAO has developed a funding source plan (Funding Plan) for the Reseda Skate Facility project, which currently proposes to use Park Fees, CDBG Funds, Proposition K Funds, Additional Proposition K Funds, CD 3 CRA/LA Excess Bond Proceeds, Private Contributions, Private Loans, and/or other funding source(s) yet unidentified.

The Funding Plan is not finalized at this time as the Funding Plan is subject to the approval of various committees (including the L.A. for Kids Steering Committee, the Municipal Facilities Committee, and CRA Bond Oversight Committee), the City Council, and the Mayor. It is anticipated that the Funding Plan will be presented to the L.A. for Kids Steering Committee and the Municipal Facilities Committee on January 25, 2018, and from there will be transmitted to City Council for its review and approval.

Upon approval of this Report, Five Hundred Thousand Dollars (\$500,000.00) in Park Fees can be committed to the Reseda Skate Facility Project. The total Park Fee funding available for the Reseda Skate Facility Project would be Five Hundred Thousand Dollars (\$500,000.00).

These Park Fees were collected within five (5) miles of the Property, which is the standard distance for the allocation of the Park Fees to community recreational facilities pursuant to Los Angeles Municipal Code Section 12.33 E.3.

The total funding that has been identified for the acquisition, design and construction of the Project is detailed in the Funding Source Matrix below, subject to all the necessary approvals.

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FUNDING SOURCE MATRIX

Source	Fund/Dept/Acct/WO#	Amount	Percentage
Park Fees	302/89/89716H WO# QM153686	\$500,000.00	1.9%
CD 3 CRA/LA Excess Bond Proceeds	TBD	\$4,000,000.00	15.6%
Private Contributions	TBD	\$6,500,000.00	25.3%
Private Loan	TBD	\$5,000,000.00	19.5%
Prop K Funds	TBD	\$7,000,000.00	27.2%
Additional Prop K Funds	TBD	\$1,705,000.00	6.6%
CDBG Funds	TBD	\$1,000,000.00	3.9%
Total		\$25,705,000.00	100%

In case soil and/or groundwater contamination is detected, other potential development costs might include additional soil and/or groundwater sampling, site remediation and/or building and parking lot design to protect on-site occupants from exposure above residential screening levels.

PROJECT CONSTRUCTION

Sufficient funding has not yet been identified to pay for the acquisition of the Property and for the development of the Reseda Skate Facility Project. As discussed above, the Funding Plan for the Reseda Skate Facility Project is subject to the approvals of various committees, the Mayor, and the City Council.

It is unknown at this time when the acquisition of the Property would be completed. BOE currently anticipates that construction of the Reseda Skate Facility Project would begin in November 2019.

NEEDS ASSESSMENT

The acquisition of 18128 and 18210 Sherman Way would increase the number of City residents that would be served by a park within walking distance of their residence. An estimated 2,955 City residents who live within a one-half (1/2) mile walking distance of 18128 and 18210 Sherman Way are not currently served by a park and would be served by a new park at this location

The EPADSS report for 18128 and 18210 Sherman Way is attached as Attachment 4.

ENVIRONMENTAL IMPACT STATEMENT:

The proposed project will consist of acquisition of a 2.2-acre parcel of land for future park purposes, including construction of a skate facility consisting of a 28,000 square foot indoor ice rink, an 8,445 square foot roller rink, project required parking, fencing, landscaping, and security lighting.

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Environmental due diligence in the form of a Phase I Environmental Site Assessment (ESA) was performed for the subject property on November 8, 2017, in accordance with the American Society for Testing and Materials (ASTM) Standard Practice for Environmental Site Assessment: Phase I Environmental Site Assessments (Standard Designation E 1527-13) approved in November 2013, and the United States Environmental Protection Agency (US EPA) 40 CFR Part 312 Standards and Practices for All Appropriate Inquiries (AAI) – Final Rule adopted November 1, 2006. The ESA initially found that a vapor encroachment condition (VEC) exists due to the site's proximity to several dry-cleaning establishments. Upon further review of additional information, the City's Bureau of Engineering Geotechnical Group determined that a Phase II soil sampling to confirm possible off-site contamination affecting the project site was needed.

According to the preliminary Phase II report, on-site soil vapor levels were slightly above residential screening levels at the northeast section of the project site. Therefore, to delineate further the extent of potential site contamination, BOE's Geotechnical Group recommended additional sampling. Groundwater sampling was also recommended, to help identify any off-site sources of contamination, in addition to Cavalier Cleaners (i.e., the current RWQCB Leaking Underground Fuel Tank [LUFT] site to the east). If the responsible party for the off-site contamination is not Cavalier Cleaners and remains unidentified, regulatory agencies could require the City, as a new landowner, to proceed with further investigation.

Based on the current information, the current plans identify the area of potential contamination as a portion of the parking area that forms a cap on the soil contamination. This area would remain capped as a proposed parking lot. As such, potential significant impacts related to hazardous materials can be ruled out at this time.

Therefore, the project currently qualifies for a California Environmental Quality Act (CEQA) exemption as an acquisition of land for future park development. In addition, it qualifies as an urban in-fill development, as it meets the following conditions:

- (1) It will be located within City limits on a site no larger than five acres that is substantially surrounded by urban uses;
- (2) It will be consistent with the City General Plan designation and policies, as well as zoning regulations;
- (3) It does not have any value as habitat for endangered, rare or threatened species;
- (4) It will not have any significant environmental effects to traffic, noise, air quality, or water quality based on the results of various related technical studies; and,
- (5) It will be adequately served by all required utilities and public services.

Therefore, staff recommends that the Board determine that the project is categorically exempt from the provisions of CEQA pursuant to Article 19, Sections 15325, Class 25(f), and 15332,

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Class 32 of the State CEQA Guidelines. Filing of a Notice of Exemption with the Los Angeles County Clerk will occur upon Board approval.

If the Project changes or the circumstances that define the project change at any time, a re-evaluation of CEQA will be required.

FISCAL IMPACT STATEMENT

The approval of the acquisition of property located at 18128 and 18210 Sherman Way will have no fiscal impact to RAP's General Fund.

It is unknown at this time if the costs for the design, development, and construction of the Reseda Skate Facility will have any impact to RAP's General Fund.

This Report was prepared by Darryl Ford, Senior Management Analyst II, Planning, Construction and Maintenance Branch, Department of Recreation and Parks.

LIST OF ATTACHMENTS

1. Resolution
2. Reseda Skate Facility Conceptual Plan
3. CRA/LA Option Agreement
4. EPADSS Report

RESOLUTION NO. _____

WHEREAS, on January 8, 2015, the City entered into an Option Agreement (Option Agreement) with the CRA/LA to provide the City with the option to purchase the CRA/LA owned property (Property) located at 18128 and 18210 Sherman Way for the proposed Reseda Skate Facility project; and,

WHEREAS, the Property proposed to be acquired consists of four parcels (Los Angeles County Assessor's Parcel Numbers (APN) 2125-036-900, 2125-036-901, 2125-036-902, and 2125-036-903), which are currently owned by the CRA/LA, a Designated Local Authority and successor agency to the former Community Redevelopment Agency of the City of Los Angeles (CRA/LA) and known by the CRA/LA as Asset ID No. 241; and,

WHEREAS, the City Council has requested that the Department of Recreation and Parks (RAP), with the assistance of the Department of Public Works, Bureau of Engineering (BOE) and all other affected Departments, take the lead on the Reseda Skate Facility to ensure acquisition of the necessary CRA/LA parcels in a timely manner; and,

WHEREAS, on September 20, 2017, the Board of Recreation and Park Commissioners of the City of Los Angeles (Board) authorized RAP to initiate the process for the possible acquisition of the property and complete preliminary acquisition activities, directed staff to return to the Board with escrow instructions and related documents for the Board's final approval to acquire the property, and directed staff to return to the Board with a conceptual plan for the Reseda Skate Facility project; and,

WHEREAS, the Department of General Services (GSD) has reviewed the appraisal reports for this Project and determined that purchase price for the Property is consistent with their professional opinion of market value, including escrow fees and title insurance fees; and,

WHEREAS, pursuant to the terms of the Option Agreement, the City has agreed to purchase the Property at the fair market value of Six Million Eight Hundred Forty Five Thousand Dollars (\$6,845,000.00); and,

WHEREAS, funding to pay for the acquisition of the Property and for the development of the Reseda Skate Facility Project will come from Park Fees, CDBG funds, Proposition K funds, CD 3 CRA/LA Excess Bond Proceeds, Private Contributions, Private Loans, and/or other funding source(s) yet unidentified; and,

WHEREAS, RAP staff requests authority to proceed with the final acquisition of the Property in order to ensure Property acquisition is expedited and property is acquired and preserved as park property in perpetuity.

NOW, THEREFORE, BE IT RESOLVED that the Board authorize RAP to acquire real property, consisting of four parcels (Los Angeles County Assessor's Parcel Numbers (APN) 2125-036-900, 2125-036-901, 2125-036-902, and 2125-036-903) totaling approximately 92,790 square feet or 2.13 acres, and located at 18128 and 18210 Sherman Way in the Reseda area of the City; and,

BE IT FURTHER RESOLVED that GSD, and other Departments as necessary, per Charter Section 594(a) and (b), be requested to assist RAP in obtaining fee title to APN 2125-036-900, 2125-036-901, 2125-036-902, and 2125-036-903; and,

BE IT FURTHER RESOLVED that RAP's Chief Accounting Employee is authorized to set up any necessary accounts and transfer the necessary monies to the appropriate City Departments accounts and/or Escrow accounts designated for the acquisition of the Property; and,

BE IT FURTHER RESOLVED that, in order to expedite the acquisition of the Property, the Board grants authority to GSD and City Attorney's Office to review, negotiate, draft, and finalize forthwith a Purchase and Sale Agreement (PSA) on behalf of the Board for the purchase of the Property for the purchase price of Six Million Eight Hundred Forty Five Thousand Dollars (\$6,845,000.00), pending final review and approval by GSD and/or other City Department as necessary, and subject to the approval of the City Attorney as to form and legality; and,

BE IT FURTHER RESOLVED that the Board President and Secretary be authorized to execute the PSA upon receipt of the necessary approvals; and,

BE IT FURTHER RESOLVED that the Board Secretary, upon successful acquisition, is directed to accept the grant deed for the subject property, which is to be set apart and dedicated as park property in perpetuity known as the "Reseda Skate Facility".

I HEREBY CERTIFY that the foregoing is a full, true and correct copy of a Resolution adopted by the Board of Recreation and Park Commissioners of the City of Los Angeles at its meeting held on _____, 2018 (Report No. _____).

Iris Davis, Secretary

Resolution No. _____

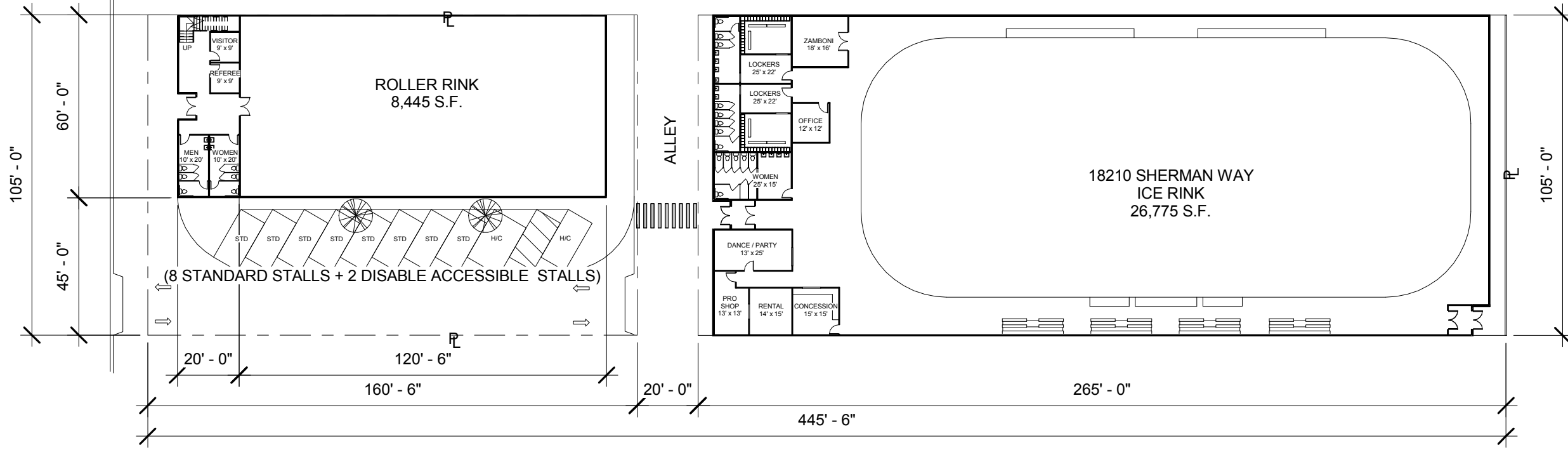
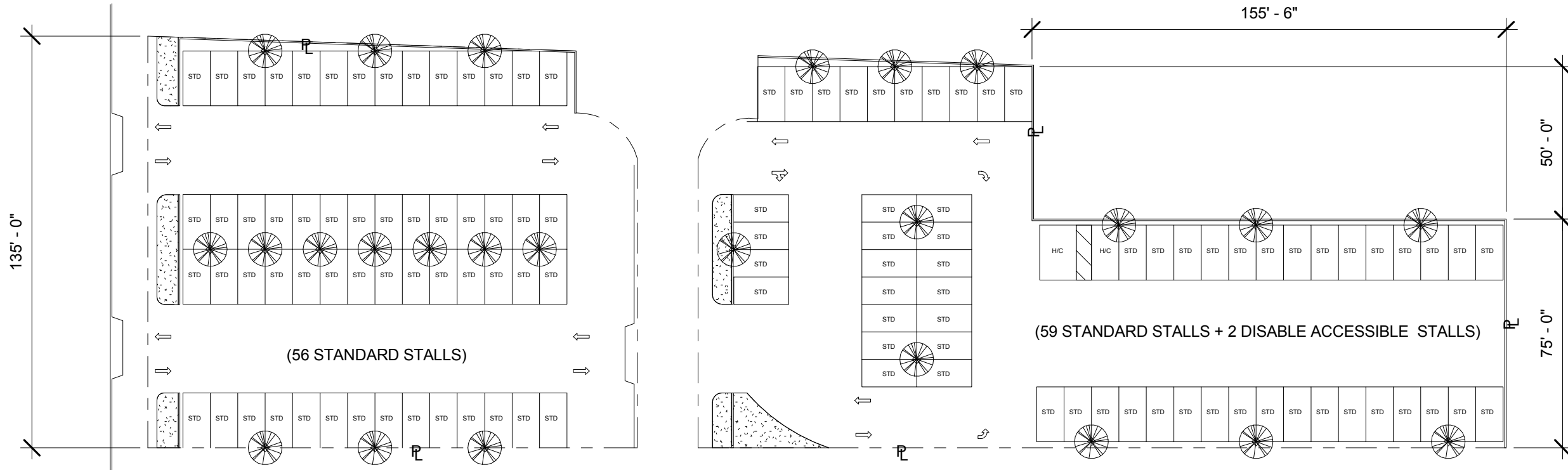
SITE PLAN - OPTION 3	
Project number	E170121D
Date	7/26/2017
Drawn by	T.YOUNGE
Checked by	R. ABANO
Scale	1" = 40'-0"

CITY ENGINEER

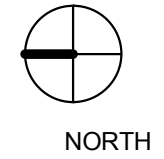
RESEDA ICE AND ROLLER RINK
18210 SHERMAN WAY
LOS ANGELES, CA. 91335

SHERMAN WAY

SHERMAN WAY



1 OPTION 3
1" = 40'-0"



NORTH

CONTRACT SUMMARY SHEET

TO: THE OFFICE OF THE CITY CLERK,
COUNCIL/PUBLIC SERVICES DIVISION
ROOM 395, CITY HALL

DATE: January 9, 2015

(PLEASE DO NOT STAPLE THE CONTRACT FOR THE CLERK'S FILE)

FORM MUST BE TYPEWRITTEN

FROM (DEPARTMENT): Mayor's Office of Economic & Workforce Development

CONTACT PERSON: Steve Andrews PHONE: 213-978-2027

CONTRACT NO.: C-125180 COUNCIL FILE NO.: _____

ADOPTED BY COUNCIL: _____
DATE

APPROVED BY BPW: _____
DATE

NEW CONTRACT _____
AMENDMENT NO. _____
ADDENDUM NO. _____
SUPPLEMENTAL NO. _____
CHANGE ORDER NO. _____

CONTRACTOR NAME: CRA/LA

TERM OF CONTRACT: _____ THROUGH: _____

TOTAL AMOUNT: _____

PURPOSE OF CONTRACT:

Option Agreement
(Property Retrained for Future Development)
(18128 and 18210 Sherman Way, Los Angeles, California)
(A.P.N. 2125-036-900; 2125-036-901; 2125-036-902; 2125-036-903;)

NOTE: CONTRACTS ARE PUBLIC RECORDS - SCANNED AND UPLOADED TO THE INTERNET

PRINT



448 S. Hill Street / Suite 1200
Los Angeles / California 90013

T 213 977 1600 / F 213 977 1665
www.crala.org

LETTER OF TRANSMITTAL

TO: Steve Andrews
c/o Karina Casillas
City of Los Angeles
200 North Spring Street, 13th Floor
Los Angeles, CA 90012

SUBJECT: Option Agreements

- Enclosed please find the 10 Option Agreements for the 20 real property assets identified as Asset ID Nos. 44, 82, 86, 168, 241, 243, 290, 294, 296, 310, 325, 403, 475, 505, 506, 507, 508, 509, 510, and 518 in the Retain for Future Development category of the Long Range Property Management Plan. Upon execution by the City Clerk’s Office, please deliver to CRA/LA original fully executed Option Agreements for each of the 20 real property assets.

If you have any questions regarding the enclosed document, please contact me at 213-977-1715.

attached
 under separate cover

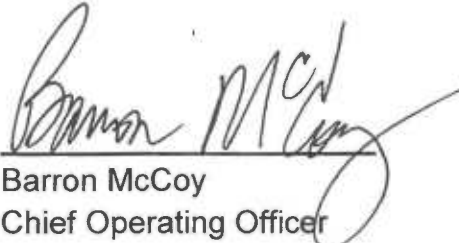
via

mail
 express
 hand delivery
 fax
 pick up

These are transmitted

for approval
 for your use
 as requested

for review and comment
 for signature


Barron McCoy
Chief Operating Officer

OPTION AGREEMENT
(Property Retained for Future Development)
(18128 and 18210 Sherman Way, Los Angeles, California)
(A.P.N. 2125-036-900; 2125-036-901; 2125-036-902;2125-036-903;)

This Option Agreement (this "Agreement") is dated as of January 8, 2015 for reference purposes, and entered into by and between CRA/LA, A Designated Local Authority, a public body formed under California Health & Safety Code Section 34173(d)(3) ("CRA/LA"), and the City of Los Angeles, a municipal corporation (the "City") with reference to the following facts:

RECITALS

A. These Recitals refer to and utilize certain capitalized terms that are defined in Section 1 of this Agreement. The Parties intend to refer to those definitions in connection with the use of capitalized terms in these Recitals.

B. On February 1, 2012, the Former Agency was dissolved pursuant to California Health & Safety Code Section 34172. In accordance with California Health & Safety Code Section 34173(d)(3), CRA/LA was formed to serve as the successor agency of the Former Agency. In accordance with California Health & Safety Code Section 34175(b), CRA/LA is the successor-in-interest to the Former Agency, and all property and assets of the Former Agency, including, but not limited to, the Property, were transferred to CRA/LA.

C. CRA/LA is the owner of the Property which is located at 18128 and 18210 Sherman Way, Los Angeles, California.

D. The Property is subject to the Redevelopment Plan, the Five Year Implementation Plan and the Community Plan.

E. In accordance with California Health & Safety Code Section 34191.5, CRA/LA has prepared an LRPMP, which sets forth, among other things, CRA/LA's plan for the disposition of certain real property, including the Property. The LRPMP has been approved by CRA/LA Governing Board, CRA/LA Oversight Board and the DOF has approved the LRPMP, as modified, on October 7, 2014. The City Council authorized the City to enter into this Agreement on December 16, 2014.

F. In accordance with California Health & Safety Code Section 34191.5(c)(2), the Property is listed as Asset Number 241 in the approved LRPMP and has been categorized as Retained for Future Development. The Property may be transferred to the City for disposition in accordance with the Redevelopment Plan, Five Year Implementation Plan, and Community Plan.

G. As required by the Disposition Strategy contained in the LRPMP and in order to provide necessary time for the City to prepare a more detailed disposition plan, CRA/LA and the City desire to enter into this Agreement to provide the City the option to purchase the Property, as more particularly set forth below.

H. Subsequent to the date of this Agreement and prior to the Effective Date, CRA/LA intends to perform additional work on the Property as further set forth in this Agreement.

I. During the Term and subject to the terms of this Agreement, the City will have the sole obligation to maintain the Property as well as the exclusive right to use the Property, so long as the manner of the City's use does not materially diminish the value of the Property.

AGREEMENT

NOW THEREFORE, the City and CRA/LA hereby agree that the foregoing recitals are hereby incorporated by reference and are made part of this Agreement, and further agree as follows:

Section 1. Definitions. In addition to the terms defined elsewhere in this Agreement, the following definitions shall apply throughout this Agreement.

- a. "Agreement" means this Option Agreement.
- b. "Appraised Value" has the meaning ascribed to it in Section 12(b).
- c. "City" means the City of Los Angeles, a municipal corporation.
- d. "City Appraiser" means the appraiser selected by the City as set forth in Section 12.
- e. "City Council" means the City Council of the City.
- f. "Closing" has the meaning ascribed to it in Section 14.
- g. "Closing Date" has the meaning ascribed to it in Section 14.
- h. "Community Plan" means the community plan approved by the City and pertaining to the land use planning area in which the Property is located.
- i. "CRA/LA" means CRA/LA, A Designated Local Authority, a public body formed under California Health & Safety Code Section 34173(d)(3).
- j. "CRA/LA Appraiser" means the appraiser selected by CRA/LA as set forth in Section 12.
- k. "Developer" means the third-party selected by the City to cause the development of the Property in accordance with the Disposition Plan.
- l. "Disposition Plan" means the City's plan for the proposed disposition and development of the Property as more particularly discussed in Section 6(b).
- m. "DOF" means the State of California Department of Finance.

n. "Effective Date" means the later of the date on which this Agreement is approved and fully executed by CRA/LA and the City and March 1, 2015.

o. "Extended Term" means, absent the earlier termination of this Agreement, if authorized according to Section 7 of this Agreement, the period commencing on the first business day following the expiration of the Initial Term and terminating on the earlier of the Closing Date or 5:00 p.m. Pacific Time on the date that is three hundred sixty four days (364) days following the commencement date of the Extended Term, provided, however, the Extended Term may be further extended as provided herein. If the expiration of the Extended Term falls on a Saturday, Sunday or legal holiday in the State of California, then the expiration date shall be extended to the next following business day.

p. "Fair Market Value" means the fair market value of the Property determined in accordance with the provisions of Section 12(b).

q. "Five Year Implementation Plan" means the implementation plan most recently adopted by the Former Agency prior to the Effective Date in connection with the Redevelopment Plan.

r. "Former Agency" means The Community Redevelopment Agency of the City of Los Angeles, California.

s. "Grant Deed" means the grant deed conveying the Property from CRA/LA to the City.

t. "Governing Board" means the governing board of CRA/LA.

u. "Hazardous Materials" shall mean: (i) any chemical, compound, material, mixture or substance that is now or may later be defined or listed in, or otherwise classified pursuant to, any Hazardous Materials Law as a "hazardous substance", "hazardous waste", "extremely hazardous waste", acutely hazardous waste", radioactive waste", infectious waste", biohazardous waste", "toxic substance", "pollutant", "toxic pollutant", "contaminant", as well as any formulation not mentioned herein intended to define, list or classify substances by reason of properties posing serious endangerment to human health and the environment such as ignitability, corrosivity, reactivity, carcinogenicity, toxicity, reproductive toxicity, "EP" toxicity, or "TCLP toxicity"; (ii) petroleum, natural gas, natural gas liquids, liquefied natural gas, synthetic gas usable for fuel (or mixtures of natural gas and such synthetic gas) and ash produced by a resource recovery facility utilizing a municipal solid waste stream, and drilling fluids, produced waters and other wastes associated with the exploration, development or production of crude oil, natural gas, or geothermal resources; (iii) "hazardous substance" as defined in Section 25281 of the California Health and Safety Code; (iv) "waste" as defined in Section 13050(d) of the California Water Code; (v) asbestos in any form; (vi) urea formaldehyde foam insulation; (vii) transformers or other equipment which contain dielectric fluid containing levels of polychlorinated biphenyls (PCBs) in excess of fifty (50) parts per million; (viii) radon; and (ix) any other chemical, material, or substance that, because of its quantity, concentration, or physical or chemical characteristics, exposure to which is now or hereafter limited or regulated for health and safety reasons by any governmental authority, or which poses or is later determined to pose a

significant present or potential hazard to human health and safety or to the environment if released into the workplace or the environment. The term "Hazardous Materials" shall not include: construction materials, office supply products or janitorial supply products customarily used in the construction, maintenance, rehabilitation, or management of commercial buildings and all other substances of kinds and in amounts ordinarily used or stored in similar properties for cleaning, maintenance or operations, and which are used and stored in accordance with all applicable Hazardous Materials Laws.

v. "Hazardous Materials Laws" means all present and future applicable federal, state and local laws, ordinances, regulations, permits, decrees, orders and any other legal requirements, whether statutory, regulatory or contractual, of governmental authorities relating to health, safety, the environment or the use, handling, disposal or transportation of any Hazardous Materials (including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, the Resource Conservation Recovery Act, the Clean Water Act, the Clean Air Act, and the applicable provisions of the California Health and Safety Code and the California Water Code, as each such statute may from time to time be amended, and the rules, regulations and guidance documents promulgated pursuant to any such statute).

w. "Initial Term" means the period commencing as of the Effective Date and terminating on the earlier of the Closing Date or 5:00 p.m. Pacific Time on the second (2nd) anniversary of the Effective Date, provided, however, the Initial Term may be extended as provided herein. If the expiration of the Initial Term falls on a Saturday, Sunday or legal holiday in the State of California, then the expiration date shall be extended to the next following business day.

x. "LRPMP" means the Long-Range Property Management Plan prepared by CRA/LA in accordance with California Health & Safety Code Section 34191.5, approved by the Oversight Board on November 11, 2013, May 8, 2014 and August 21, 2014, and by DOF on October 7, 2014.

y. "Option" means the option in favor of the City to acquire the fee interest in the Property from CRA/LA as set forth in this Agreement.

z. "Option Notice" means the notice delivered by the City to CRA/LA indicating that the City is exercising the Option in accordance with this Agreement.

aa. "Oversight Board" means the oversight board of CRA/LA formed under California Health and Safety Code Section 34179.

bb. "Parties" shall mean, collectively, the City and CRA/LA. "Party" shall mean either the City or CRA/LA.

cc. "Property" means the real property located at 18128 and 18210 Sherman Way, Los Angeles, California, as more particularly described in the attached Exhibit A, all improvements located thereon, and all rights and interests appurtenant thereto.

dd. "Purchase Agreement" has the meaning ascribed to it in Section 13.

ee. "Purchase Price" means the purchase price for the Property, which shall be the fair market value of the Property, as determined in accordance with Section 12.

ff. "Redevelopment Plan" means the redevelopment plan for the Reseda/Canoga Park Earthquake Disaster Assistance Project for Portions of Council District 3 as previously adopted by the City Council, as amended.

gg. "Term" has the meaning ascribed to it in Section 3.

hh. "Title Company" has the meaning ascribed to it in Section 14.

Section 2. Grant of Option; Option Consideration. CRA/LA hereby grants to the City the Option to purchase the Property for the consideration and under the terms and conditions set forth in this Agreement. The Option is granted in consideration of the City's payment to CRA/LA of the sum of One Dollar (\$1.00) which has been deemed to have been paid as of the Effective Date. The Parties acknowledge that such payment constitutes "independent consideration" for the rights set forth herein.

Section 3. Term. Absent the earlier termination of this Agreement, this Agreement and the Option granted herein shall expire upon the expiration of the Term without further action of the Parties. As used herein, Term shall mean collectively the Initial Term and Extended Term, unless the context indicates that Term means either the Initial Term or Extended Term. This Agreement and the Option granted herein shall expire upon the expiration of the Initial Term without further action of the Parties, unless extended through the Extended Term pursuant to Section 7, or as otherwise provided herein. Notwithstanding anything to the contrary contained herein, the City may terminate this Agreement, in its sole discretion, at any time upon sixty (60) days prior written notice to CRA/LA.

Section 4. Exclusive Right to the Property. During the Term, CRA/LA shall not (i) negotiate with any entity, other than the City, regarding the proposed disposition of the Property, or solicit or entertain bids or proposals to do so from any other entity, (ii) encumber or permit the encumbrance of the Property with an encumbrance not in existence as of the Effective Date, or (iii) enter into, amend or modify any agreement pertaining to the Property which will survive the Closing and thereafter become an obligation of the City, except with the prior written consent of the City.

Section 5. Use of Property During Term. Subject to the terms of this Agreement, the City shall have the exclusive right to use the Property during the Term. The City's use shall be conditioned on the City properly maintaining the Property as provided in this Agreement and ensuring that such use does not materially diminish the value of the Property. CRA/LA hereby grants the City, and its agents, consultants, employees and invitees a right to enter the Property for the purposes of (i) performing the City's duties and obligations set forth in this Agreement and (ii) undertaking tests, inspections and other due diligence activities, with CRA/LA's prior notice and written consent, which consent shall not be unreasonably withheld or delayed. Except as provided in (i) and (ii) of this Section 5, the Property may not be occupied or used by the City for any activity during the Term without the prior written consent of CRA/LA. Subject to the absence of any default by the City hereunder, any income generated by the Property

during the Term and received directly by the City, shall be retained by the City. In the event this Agreement is terminated prior to the Closing Date, then the City shall immediately vacate the Property without any further notice or action by CRA/LA.

Section 6. Disposition Plan.

a. City Submission. No later than the expiration of the Term, the City shall submit the City's proposed disposition plan for the Property to CRA/LA staff. The proposed disposition plan shall include: (i) an anticipated schedule for the date of the City's proposed acquisition of the Property from CRA/LA; (ii) a detailed plan for the development of the Property, and (iii) evidence that the proposed use of the Property is consistent with the Redevelopment Plan, the Five Year Implementation Plan and the Community Plan.

b. Disposition Plan Review. CRA/LA staff shall make reasonable efforts to submit the proposed disposition plan to the Governing Board for its consideration no later than forty-five (45) days after staff's receipt thereof. If the Governing Board approves the proposed disposition plan, then CRA/LA staff shall promptly submit the proposed disposition plan for consideration by the Oversight Board. Upon approval by the Governing Board, the Oversight Board, and, to the extent applicable pursuant to the terms of the LRPMP, DOF, the City's proposed disposition plan shall be referred to herein as the "Disposition Plan," and CRA/LA staff shall promptly provide written notice to the City of such approval. If the proposed disposition plan is disapproved by the Governing Board, the Oversight Board, or the DOF for failing to meet the requirements set forth herein, CRA/LA staff shall promptly provide written notice to the City of such disapproval (which notice shall contain a reasonable description of the basis for such denial) and if the Term of this Agreement has not expired, the City shall have thirty (30) days from the date of the City's receipt of such notice of disapproval from CRA/LA to submit written notice to CRA/LA stating its intent to resubmit a revised disposition plan. If no notice is received within the thirty-day period, this Agreement shall automatically terminate. The Term shall be automatically extended one day for each day beyond ninety (90) days following the date of the City's submission of the proposed disposition plan to CRA/LA staff until the City has been notified of its approval or disapproval by the Governing Board, the Oversight Board and, to the extent applicable, the DOF as herein provided. The provisions of this Section relating to time periods for approval, disapproval and resubmission of a proposed disposition plan shall continue to apply until the City's proposed disposition plan has been approved or the Term expires. If approval of the proposed disposition plan has not been obtained prior to the expiration of the Term, as it may be extended as herein provided, then the Option granted herein shall automatically terminate and this Agreement shall terminate without further action by either Party.

c. Semi-Annual Updates to CRA/LA. During the Term, the City shall provide CRA/LA written reports, on a semi-annual basis, beginning six (6) months following the Effective Date, setting forth the City's progress regarding the preparation and submission of a proposed disposition plan, and following approval of the Disposition Plan, the City's progress regarding the exercise of the Option. The semi-annual report shall include the following: an update on the on-going maintenance of the Property, the City's approach to marketing the Property to one or more developers, and an anticipated schedule of and progress toward milestones to be accomplished during the Term of this Agreement.

Section 7. Extension of Term. Subject to the provisions of this Section 7, the Initial Term may be extended for the duration of the Extended Term to accomplish the preparation and submission of the disposition plan (as described in Section 6), or to exercise the Option (as described in Section 13).

The City may request to extend the Initial Term for the duration of the Extended Term by delivering a written notice of its intent to extend the Term no earlier than one hundred twenty (120) days and no less than forty-five (45) days prior to the expiration date of the Initial Term. Such notice shall contain a report on the City's progress with respect to the preparation and submission of a proposed disposition plan, accompanied by documentation or other evidence demonstrating the City's progress. If the City's proposed disposition plan has been approved, the City shall submit a report on its progress in taking the necessary steps to exercise the Option. If the Governing Board determines (which determination shall not be unreasonably withheld or delayed) that the City has made significant progress toward the preparation and submission of the disposition plan or the exercise of the Option, as applicable, then the Governing Board, without any required approval of the Oversight Board, shall authorize the Extended Term.

The Parties agree and acknowledge that evidence of significant progress toward the preparation and submission of the disposition plan may include: (i) a description of a conceptual scope of development; (ii) an anticipated schedule of performance with suggested benchmarks, or (iii) such other evidence of progress as may be reasonably acceptable to the Governing Board.

The Parties agree and acknowledge that evidence of significant progress toward the exercise of the Option may include: (i) the City's selection of a Developer for the Property; (ii) the execution by the City and Developer of an exclusive negotiating rights agreement, or similar agreement, for the Property, (iii) the execution by the City and Developer of a disposition and development agreement, or similar agreement, for the Property, (iv) documentation, reasonably acceptable to the Governing Board, that Developer has obtained financing commitments for the proposed development of the Property, or (v) such other evidence of progress as may be reasonably acceptable to the Governing Board.

Section 8. Hazardous Materials The City shall not knowingly permit the Property or any portion thereof to be a site for the use, generation, treatment, manufacture, storage, disposal or transportation of Hazardous Materials or otherwise knowingly permit the presence of Hazardous Materials in, on or under the Property in violation of any Hazardous Materials Laws. The City shall keep and maintain the Property and each portion thereof in compliance with, and shall not cause or permit the Property or any portion thereof to be in violation of, any Hazardous Materials Laws. Notwithstanding the foregoing, during the Term of this Agreement, the City shall not be responsible for curing any violations of the Hazardous Materials Laws which existed prior to the Effective Date, or removing or otherwise remediating Hazardous Materials existing on, in or under the Property prior to the Effective Date. If such pre-existing violation of the Hazardous Materials Laws or pre-existing Hazardous Materials are discovered by the City, the City shall promptly notify CRA/LA.

Section 9. Obligation to Maintain the Property. During the Term, in consideration for the rights granted to the City pursuant to this Agreement, the City agrees that it shall not suffer or permit any dangerous condition to be created, exist, or continue on the Property and

that it shall perform, at its sole cost, all maintenance of the Property, including maintaining the Property free and clear of all debris, weeds, graffiti, and litter; provided, however, the City shall not be responsible for correcting any dangerous condition that existed on the Property as of the Effective Date, but, as soon as reasonably practicable at its own cost following the City's discovery of any such pre-existing dangerous condition (whether by receipt of written notice from CRA/LA identifying such a condition, or otherwise), the City shall take all actions reasonably necessary to protect the public from any such condition. As between CRA/LA and the City, the City shall be solely responsible for all day-to-day property management of the Property, including, but not limited to, providing adequate security, including fencing the Property, if necessary, obtaining and maintaining property insurance, and ordinary and extraordinary repairs to the Property. The City shall have the right to maintain any insurance required of it by this Agreement through a program composed of any combination of self-insurance, risk retention, commercial insurance, risk transfer, and/or risk pooling authorized by California law, all at the City's sole option; provided, however, that the City shall provide CRA/LA with evidence of such insurance that shall be reasonably acceptable to CRA/LA as a condition precedent to CRA/LA's execution of this Agreement. Prior to the Effective Date, CRA/LA will complete the demolition of the buildings on the Property.

Section 10. Inspection of Property. The City shall permit CRA/LA, through its officers, agents, or employees, to enter the Property with reasonable notice at all reasonable times to determine the City's compliance with the provision of this Agreement. If this Agreement is terminated prior to the Closing Date, and upon the request of CRA/LA, the City, at its sole cost, shall repair any material damage to the Property caused by the City's entry thereon and shall restore the Property substantially to the condition in which it existed prior to such entry. Within sixty (60) days following the Effective Date, the City shall provide to CRA/LA a written description of the observable surface condition of the Property as of the Effective Date (accompanied by appropriate photographic material supporting such description). Detailed information on the Property prepared by CRA/LA as of the date of this Agreement is included in the attached Exhibit B.

Section 11. Indemnification. The City shall indemnify, defend, and hold CRA/LA, its Governing Board and the Oversight Board, and their respective members, officers, employees, agents, and their successors (each an "Indemnified Party") harmless from and against all suits and causes of action, claims, losses, demands and expenses, including, but not limited to, reasonable attorney's fees and costs of litigation, damage or liability of any nature whatsoever, which arise out of or in connection with entry onto, occupancy in, or construction on the Property by the City or its contractors, subcontractors, agents, employees or invitees. This indemnity obligation related to each Indemnified Party shall not extend to any claim to the extent arising solely from such Indemnified Party's gross negligence or willful misconduct, and shall survive both the conveyance of the Property to the City by CRA/LA and termination of this Agreement.

Section 12. Appraisals of the Property; Determination of the Purchase Price.

a. Appraisal. CRA/LA and City shall commence the process for the appraisal of the Property within thirty (30) days following CRA/LA's receipt of a written notice from the City requesting that such process be commenced. The City's written notice shall be made no later than one hundred eighty (180) days prior to the expiration of the Term. Each Party shall cause a separate appraiser – the "CRA/LA Appraiser" and the "City Appraiser", respectively – to perform an appraisal of the Property. Each appraiser shall be instructed that the Property shall be valued at fair market value as supported by an analysis of its highest and best use consistent with the Redevelopment Plan, the Five Year Implementation Plan, the Community Plan designation, the then current known physical condition of the Property, and all matters of public record pertaining to the Property. Each Party shall make a good faith effort to cause its respective appraisal to be completed within sixty (60) days following the date of the commencement of the appraisal. CRA/LA Appraiser and the City Appraiser shall each be an MAI certified appraiser with at least ten (10) years of recent experience appraising commercial real estate within Los Angeles County. The appraisals shall each be a comprehensive appraisal that complies with the Uniform Standards of Professional Appraisal Practice. For purposes of determining the Fair Market Value, as defined in Section 12(b) below, the date of the appraisal on which the Fair Market Value is based must be dated within six months of the Closing Date. If the appraisal date is more than six months prior to the Closing Date, the Fair Market Value shall be either based on appraisal updates dated within six months of the Closing Date or new appraisals, as mutually agreed upon by the Parties. In either event, the process set forth in Section 12(b) shall be used to conduct the appraisal update or new appraisals.

b. Determination of Fair Market Value and Purchase Price. The Parties shall utilize the following process to establish the Fair Market Value for the Property based on CRA/LA Appraiser's determination, and the City Appraiser's determination (each, an "Appraised Value"). If the lower Appraised Value is within ten percent (10%) of the higher Appraised Value, then the Fair Market Value of the Property shall be the average of the two Appraised Values. If the Appraised Values differ by more than ten (10) percent, a third appraiser (with the qualifications described above) shall be selected by mutual agreement of CRA/LA Appraiser and the City Appraiser within ten (10) days after the submission of their Appraised Values. If the third appraisal is less than either of the first two, then the Fair Market Value of the Property shall be the average of the two lowest appraisals. If the third appraisal is greater than the first two, then Fair Market Value of the Property shall be the average of the two highest appraisals. If the third appraisal falls between the previous two appraisals, the Fair Market Value of the Property shall be the value established by the third appraisal. The Fair Market Value determined by this Section 12(b) shall constitute the Purchase Price.

c. Costs. The City shall pay the costs of CRA/LA Appraiser, the City Appraiser, and any third appraiser required pursuant to this Section.

Section 13. Exercise of Option. Prior to the expiration of the Term and following the approval of the Disposition Plan as provided in Section 6(b) and the determination of Fair Market Value as provided in Section 12 (b), the City may exercise the Option by delivering the Option Notice and by establishing an escrow with the Title Company specified in Section 14

below. The Option Notice shall set forth: (i) the Purchase Price, as determined by Section 12(b) above (ii) the Closing Date, and (iii) shall have attached thereto an agreement executed by the Developer and the City which requires the Developer to develop the Property in accordance with the Disposition Plan. Upon receiving the Option Notice, CRA/LA staff shall present to the Governing Board for its consideration a purchase agreement incorporating the relevant terms of this Agreement, and such other terms as mutually agreed upon by the Parties, pursuant to which CRA/LA shall convey the Property to the City for the Purchase Price (the "Purchase Agreement"). Approval of the Purchase Agreement by the Governing Board shall be subject to Oversight Board and DOF approval. The Term shall be automatically extended one day for each day following the City's submittal of the Purchase Agreement to CRA/LA staff until the City has been notified in writing by CRA/LA staff of the approval or disapproval of the Purchase Agreement by the Governing Board, Oversight Board and DOF, which notice shall contain a reasonable description of the basis for disapproval if the Purchase Agreement is disapproved by the Governing Board, Oversight Board or DOF. If the Purchase Agreement is approved by the Governing Board, Oversight Board and DOF, the Term shall be automatically extended for a period of sixty (60) days from the date on which the City receives written notice of such approval from CRA/LA staff to allow the Closing to occur. If the Purchase Agreement is disapproved, the Term shall automatically be extended one time for a period of sixty (60) days from the date the City receives written notice of such disapproval from CRA/LA staff to allow the City an opportunity to address objections of the Governing Board, Oversight Board or DOF to the Purchase Agreement. If the City does not resubmit the Purchase Agreement within such sixty (60) day period, this Agreement shall automatically terminate. If the City resubmits the Purchase Agreement within such sixty (60) day period, the Term shall automatically be extended one day for each day following the City's resubmittal until the City has been notified in writing by CRA/LA staff of the approval or disapproval of the resubmitted Purchase Agreement by the Governing Board, Oversight Board and DOF. If the resubmitted Purchase Agreement is approved by the Governing Board, Oversight Board and DOF, the Term shall be automatically extended for a period of sixty (60) days from the date on which the City receives written notice of such approval from CRA/LA staff to allow the Closing to occur. If the resubmitted Purchase Agreement is disapproved, this Agreement shall automatically terminate.

Section 14. Escrow and Closing. On, or before, the delivery of the Option Notice, the City shall open an escrow for the purchase and sale contemplated by this Agreement with a title company mutually acceptable to the Parties (the "Title Company") at an office in a mutually acceptable location. If the City elects to proceed with the acquisition of the Property pursuant to the Purchase Agreement, then, at least two (2) working days before the Closing Date, defined below, CRA/LA and the Parties shall each deliver escrow instructions to the Title Company consistent with the Purchase Agreement to close escrow, and the City shall deposit the Purchase Price with the Title Company. The Title Company shall close escrow by, and the "Closing" shall occur for purposes of this Agreement upon, recording the Grant Deed in the official records of the County of Los Angeles, and the release by the Title Company of the Purchase Price, in cash, to CRA/LA. The Closing shall occur within sixty (60) days following the date of the approval of the Purchase Agreement by DOF, unless extended by mutual agreement of the Parties. The "Closing Date" shall be the day on which the Closing occurs. In connection with the Closing, the City shall pay (a) the premium cost of the any title policy, including the cost of any endorsements required by the City, (b) recording charges and (c) one-half (1/2) of escrow holder's fees. In connection with the Closing, CRA/LA shall pay one-half (1/2) of escrow

holder's fees. All other costs related to the sale of the Property shall be paid by the Parties in the manner consistent with common practice in land transactions in the County of Los Angeles.

Section 15. Condition of Property.

a. AS-IS Conveyance. THE CITY SPECIFICALLY ACKNOWLEDGES AND AGREES THAT THAT CRA/LA IS CONVEYING AND THE CITY IS OBTAINING THE PROPERTY (INCLUDING ALL EXISTING IMPROVEMENTS THEREON) ON AN "AS IS WITH ALL FAULTS" BASIS AND THAT THE CITY IS NOT RELYING ON ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND WHATSOEVER, EXPRESS OR IMPLIED, FROM CRA/LA AS TO ANY MATTERS CONCERNING THE PROPERTY, INCLUDING WITHOUT LIMITATION: (A) THE QUALITY, NATURE, ADEQUACY AND PHYSICAL CONDITION OF THE PROPERTY (INCLUDING, WITHOUT LIMITATION, TOPOGRAPHY, CLIMATE, AIR, WATER RIGHTS, WATER, GAS, ELECTRICITY, UTILITY SERVICES, GRADING, DRAINAGE, SEWERS, ACCESS TO PUBLIC ROADS AND RELATED CONDITIONS); (B) THE QUALITY, NATURE, ADEQUACY, AND PHYSICAL CONDITION OF SOILS, GEOLOGY AND GROUNDWATER, (C) THE EXISTENCE, QUALITY, NATURE, ADEQUACY AND PHYSICAL CONDITION OF UTILITIES SERVING THE PROPERTY, OR ANY OF THE IMPROVEMENTS LOCATED ON THE PROPERTY, (D) THE DEVELOPMENT POTENTIAL OF THE PROPERTY, AND THE PROPERTY'S USE, HABITABILITY, MERCHANTABILITY, OR FITNESS, SUITABILITY, VALUE OR ADEQUACY OF THE PROPERTY FOR ANY PARTICULAR PURPOSE, (E) THE ZONING OR OTHER LEGAL STATUS OF THE PROPERTY OR ANY OTHER PUBLIC OR PRIVATE RESTRICTIONS ON THE USE OF THE PROPERTY, (F) THE COMPLIANCE OF THE PROPERTY OR ITS OPERATION WITH ANY APPLICABLE CODES, LAWS, REGULATIONS, STATUTES, ORDINANCES, COVENANTS, CONDITIONS AND RESTRICTIONS OF ANY GOVERNMENTAL OR QUASI-GOVERNMENTAL ENTITY OR OF ANY OTHER PERSON OR ENTITY, (G) THE PRESENCE OR ABSENCE OF HAZARDOUS MATERIALS ON, UNDER OR ABOUT THE PROPERTY OR THE ADJOINING OR NEIGHBORING PROPERTY, AND (H) THE CONDITION OF TITLE TO THE PROPERTY. THE CITY AFFIRMS THAT THE CITY HAS NOT RELIED ON THE SKILL OR JUDGMENT OF CRA/LA OR ANY OF ITS RESPECTIVE AGENTS, EMPLOYEES OR CONTRACTORS TO SELECT OR FURNISH THE PROPERTY FOR ANY PARTICULAR PURPOSE, AND THAT CRA/LA MAKES NO WARRANTY THAT THE PROPERTY IS FIT FOR ANY PARTICULAR PURPOSE. THE CITY ACKNOWLEDGES THAT IT SHALL USE ITS INDEPENDENT JUDGMENT AND MAKE ITS OWN DETERMINATION AS TO THE SCOPE AND BREADTH OF ITS DUE DILIGENCE INVESTIGATION WHICH IT SHALL MAKE RELATIVE TO THE PROPERTY AND SHALL RELY UPON ITS OWN INVESTIGATION OF THE PHYSICAL, ENVIRONMENTAL, ECONOMIC AND LEGAL CONDITION OF THE PROPERTY (INCLUDING, WITHOUT LIMITATION, WHETHER THE PROPERTY IS LOCATED IN ANY AREA WHICH IS DESIGNATED AS A SPECIAL FLOOD HAZARD AREA, DAM FAILURE INUNDATION AREA, EARTHQUAKE FAULT ZONE, SEISMIC HAZARD ZONE, HIGH FIRE SEVERITY AREA OR WILDLAND FIRE AREA, BY ANY FEDERAL, STATE OR LOCAL

AGENCY). THE CITY UNDERTAKES AND ASSUMES ALL RISKS ASSOCIATED WITH ALL MATTERS PERTAINING TO THE PROPERTY'S LOCATION IN ANY AREA DESIGNATED AS A SPECIAL FLOOD HAZARD AREA, DAM FAILURE INUNDATION AREA, EARTHQUAKE FAULT ZONE, SEISMIC HAZARD ZONE, HIGH FIRE SEVERITY AREA OR WILDLAND FIRE AREA, BY ANY FEDERAL, STATE OR LOCAL AGENCY.

b. Survival. The terms and conditions of this Section shall expressly survive the Closing, shall not merge with the provisions of the Grant Deed, or any other closing documents and shall be deemed to be incorporated by reference into the Grant Deed. CRA/LA is not liable or bound in any manner by any oral or written statements, representations or information pertaining to the Property furnished by any contractor, agent, employee, servant or other person. The City acknowledges that the Purchase Price for the Property reflects the "as is" nature of this conveyance and any faults, liabilities, defects or other adverse matters that may be associated with the Property. The City has fully reviewed the disclaimers and waivers set forth in this Agreement with the City's counsel and understands the significance and effect thereof.

c. Acknowledgment. The City acknowledges and agrees that: (i) to the extent required to be operative, the disclaimers of warranties contained in this Section are "conspicuous" disclaimers for purposes of all applicable laws and other legal requirements, (ii) the disclaimers and other agreements set forth in such sections are an integral part of this Agreement, and (iii) CRA/LA would not have agreed to convey the Property to the City without the disclaimers and other agreements set forth in this Section.

d. City's Release of CRA/LA. The City, on behalf of itself and anyone claiming by, through or under the City, waives its right to recover from and fully and irrevocably releases CRA/LA, its Governing Board, and Oversight Board, and their respective members, employees, officers, representatives, and agents (the "Released Parties") from any and all claims, responsibility and/or liability that the City may 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: (i) the condition (including any construction defects, errors, omissions or other conditions, latent or otherwise within or about any existing improvements on the Property), valuation, salability or utility of the Property, or its suitability for any purpose whatsoever, (ii) any presence of Hazardous Materials, and (iii) any information furnished by the Released Parties under or in connection with this Agreement.

e. Scope of Release. The release set forth in this Section includes claims of which the City is presently unaware or which the City does not presently suspect to exist which, if known by the City, would materially affect the City's release of the Released Parties. The City specifically waives the provision of any statute or principle of law that provides otherwise. In this connection and to the extent permitted by law, the City agrees, represents and warrants that the City realizes and acknowledges that factual matters now unknown to the City may have given or may hereafter give rise to causes of action, claims, demands, debts, controversies, damages, costs, losses and expenses which are presently unknown, unanticipated and unsuspected, and the City further agrees, represents and warrants that the waivers and releases herein have been negotiated and agreed upon in light of that realization and that the City nevertheless hereby intends to release, discharge and acquit the Released Parties from any such

unknown causes of action, claims, demands, debts, controversies, damages, costs, losses and expenses. Accordingly, the City, on behalf of itself and anyone claiming by, through or under the City, hereby assumes the above-mentioned risks and hereby expressly waives any right the City and anyone claiming by, through or under the City, may have under Section 1542 of the California Civil Code, which reads as follows:

"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."

City's Initials: 

Notwithstanding the foregoing, this release shall not apply to, nor shall CRA/LA be released from, CRA/LA's actual fraud or misrepresentation.

Section 16. Default. A Party to this Agreement shall be deemed to be in default hereunder for the breach of any provision contained herein which has not been cured within thirty (30) days of receipt after written notice of such default. In such event, the non-breaching Party may terminate this Agreement, or, in addition to any other remedy in equity or at law, may seek to recover damages, or seek an action for injunctive relief or specific performance.

Section 17. Notices. Any notice or other communication given or made pursuant to this Agreement shall be in writing and shall be deemed given if (i) delivered personally or by courier, (ii) sent by overnight express delivery, or (iii) mailed by registered or certified mail (return receipt requested), postage prepaid, to a Party at its respective address set forth below (or at such other address as shall be specified by the Party by like notice given to the other Party):

To CRA/LA: CRA/LA, A Designated Local Authority
448 S. Hill Street, Suite 1200
Los Angeles, CA 90013
Attn: Chief Executive Officer

With a copy to: Goldfarb & Lipman LLP
523 West Sixth Street, Suite 610
Los Angeles, CA 90014
Attn: Thomas Webber

To the City: Mayor's Office of Economic Development
200 North Spring Street
13th Floor
Los Angeles, CA 90012
Attn: Deputy Mayor for Economic Development

With a copy to: City of Los Angeles
200 North Main Street, 15th Floor
Los Angeles, CA 90012
Attn: City Administrative Officer

With a copy to: City of Los Angeles
200 North Spring Street, Rm. 255
Los Angeles, CA 90012
Attn: Chief Legislative Analyst

With a copy to: Richards, Watson & Gershon
355 South Grand Avenue, 40th Floor
Los Angeles, CA 90071
Attn: Jim G. Grayson, Esq.

All such notices and other communications shall be deemed given on the date of personal or local courier delivery, delivery to overnight courier or express delivery service, or deposit in the United States Mail, and shall be deemed to have been received (i) in the case of personal or local courier delivery, on the date of such delivery, (ii) in the case of delivery by overnight courier or express delivery service, on the date following dispatch, and (iii) in the case of mailing, on the date specified in the return receipt therefor.

Section 18. Continuing Cooperation. Each Party agrees, upon request of the other Party and at no cost to the Party requested, to promptly execute and deliver from time to time all such documents and to take such other actions as may be appropriate and reasonable to effectuate the conveyance of the Property to the City as contemplated by this Agreement and the development of the Property as contemplated by the Disposition Plan.

Section 19. Severability. If any portion of this Agreement is declared by a court of competent jurisdiction to be invalid or unenforceable, such portion shall be deemed severed from this Agreement and the remaining parts shall continue in full force as though such invalid or unenforceable provision had not been part of this Agreement.

Section 20. Binding Effect. This Agreement and its terms and conditions shall be binding upon and inure to the benefit of the Parties to this Agreement and their respective successors and permitted assigns.

Section 21. Time. Time is of the essence of this Agreement.

Section 22. No Broker. Each Party to this Agreement represents to the other Party that it has not engaged or used the services of any person, firm or corporation that may claim a broker's commission or finder's fee based upon this Agreement or the exercise of the Option, and each Party to this Agreement agrees to hold the other Party harmless from any loss, damage, expense or liability, including attorneys' fees resulting from any claim by any person, firm or corporation based upon its having acted as broker or finder on behalf of said indemnifying Party.

Section 23. Headings. The headings of the paragraphs of this Agreement are for convenience and reference only, and the words contained in the headings shall in no way be held to explain, modify, amplify or aid in the interpretations, constructions or meaning of the provisions of this Agreement.

Section 24. Recitals; Exhibits. All recitals set forth above and exhibits attached to this Agreement and referred to in this Agreement are incorporated into this Agreement by this reference as though they were fully set forth in this Agreement.

Section 25. Entire Agreement. This Agreement contains the entire agreement between the Parties respecting the matters set forth, and supersedes all prior agreements between the Parties respecting such matters. The Parties have read and reviewed this Agreement and agree that any rule of construction to the effect that ambiguities are to be resolved against the drafting Party (including, but not limited to, Civil Code Section 1654, as may be amended from time to time) shall not apply to the interpretation of this Agreement.

Section 26. Amendments. The Parties can amend this Agreement only by means of a writing signed by both Parties, following approval by the Governing Board, the Oversight Board (as applicable), and the City Council, in accordance with applicable law.

Section 27. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same Agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date.

Date: JAN 08 2015

CRA/LA:

CRA/LA, A DESIGNATED LOCAL AUTHORITY, a public body formed under Health & Safety Code Section 34173(d)(3), as successor to The Community Redevelopment Agency of the City of Los Angeles, California

By: *Estevan Valenzuela*
Estevan Valenzuela
Chief Executive Officer

APPROVED AS TO FORM:

GOLDFARB & LIPMAN LLP

By: *THW*
Thomas H. Webber
CRA/LA Counsel

Attest: Holly Wolcott, City Clerk



By: *Veronica Warner - 1/9/15*
Deputy

Date: 12/31/14

CITY:

THE CITY OF LOS ANGELES, a municipal corporation

By: *[Signature]*
Kelli Bernard
Deputy Mayor for Economic Development

APPROVED AS TO FORM:

RICHARDS, WATSON & GERSHON,
A Professional Corporation

By: *[Signature]*
Jim G. Grayson,
Special Counsel to the City

C-125180

EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY

EXHIBIT A

LEGAL DESCRIPTION

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

PARCEL 1:

LOTS 2 AND 9 OF TRACT NO. 21799, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 617, PAGE(S) 42 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL 2:

LOT 5 OF TRACT 21799, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 617 PAGES 42 THROUGH 44 INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL 3:

LOT 6 OF TRACT 21799, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 617 PAGES 42 THROUGH 44 INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THE EAST 50 FEET OF THE SOUTH 155.5 FEET THEREOF.

EXHIBIT B
PROPERTY CONDITIONS

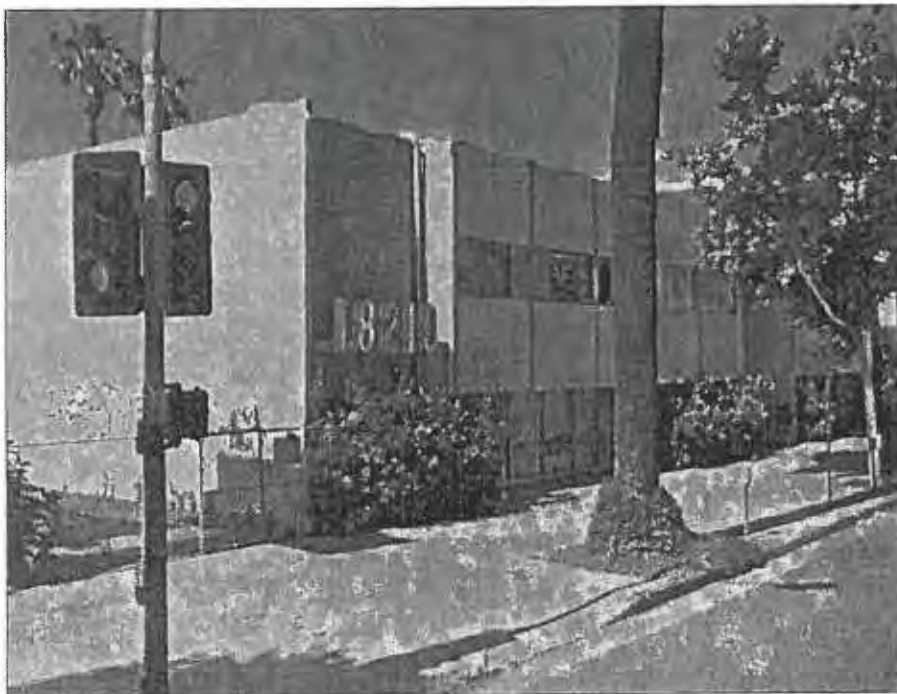
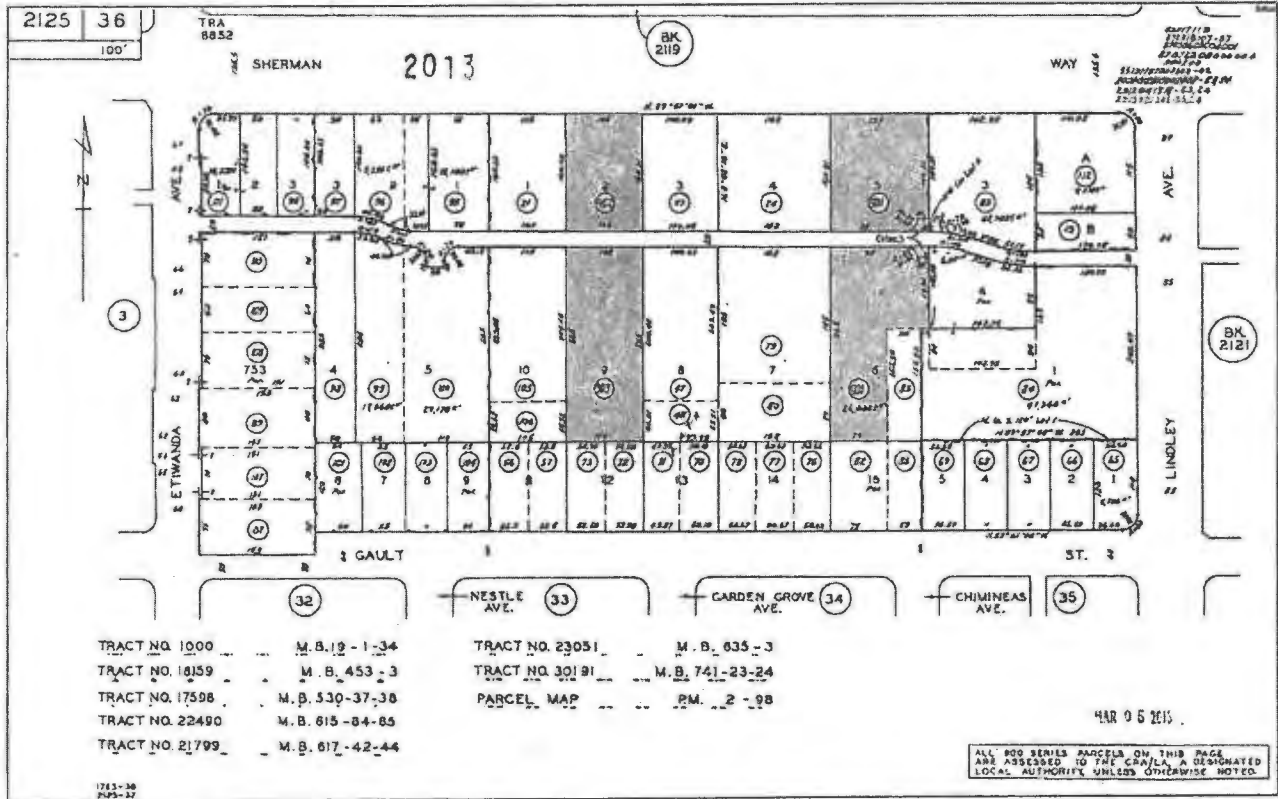
CRA/LA, A DESIGNATED LOCAL AUTHORITY

Long Range Property Management Plan
 Vacant Buildings
 18128 and 18210 Sherman Way
 Los Angeles, CA 91335

RETAIN FOR FUTURE DEVELOPMENT

ID 241

Subject Property Photograph and Plat Map



CRA/LA, A DESIGNATED LOCAL AUTHORITY**Long Range Property Management Plan**

Vacant Buildings

18128 and 18210 Sherman Way

Los Angeles, CA 91335

**RETAIN FOR FUTURE
DEVELOPMENT****ID 241****SITE**

Assessor Parcel No.	2125-036-900 through -903
Site Area*	92,790
Site Shape	Rectangular
Primary Street Frontage	Sherman Way.
Zoning*	C2/P
Topography	Level
Utilities	All to site
Soils	N/A

*Based on information provided from CRA/LA

IMPROVEMENTS

Current Use	Vacant commercial buildings (being demolished)
Building Size	48,000 SF, combined total
No. of Buildings	2
Year Built	1962
No. of Tenants	N/A
Construction Type	Masonry/wood

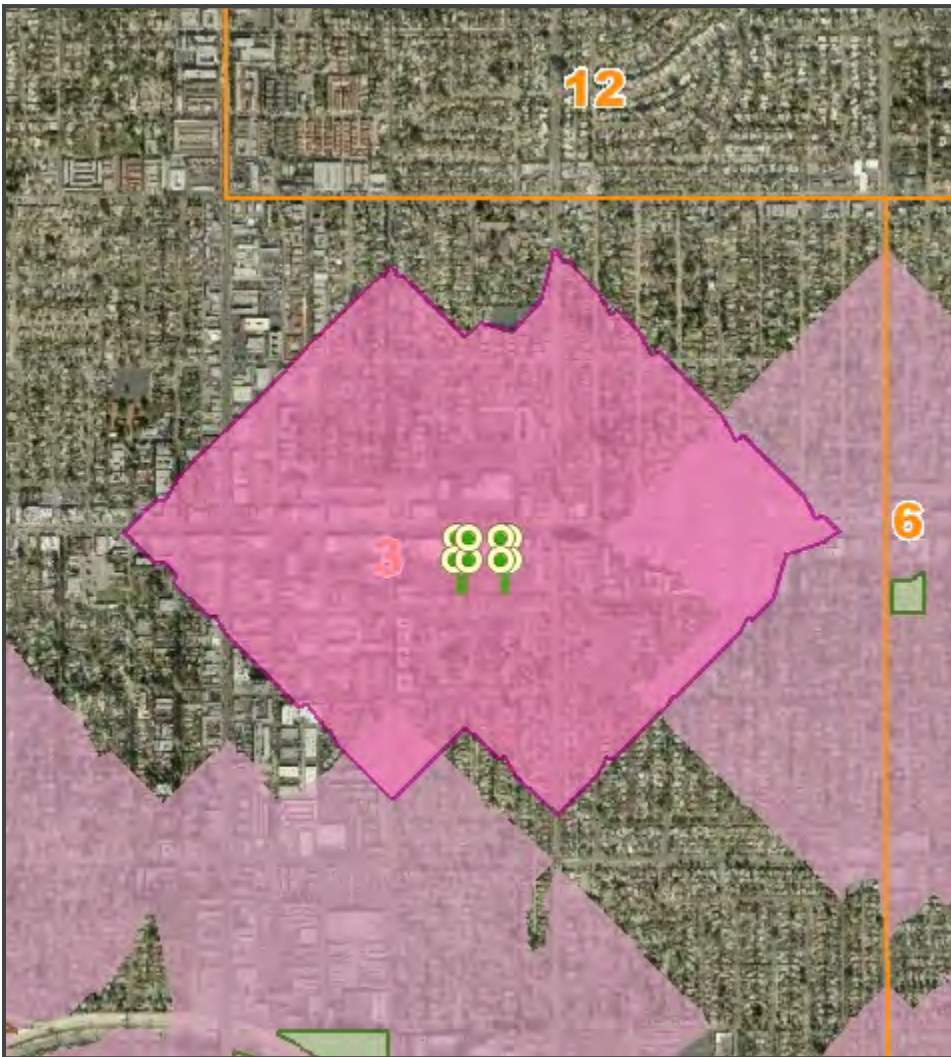
CONDITIONS DESCRIPTION

1. Commercial buildings currently being demolished and secured.



EQUITABLE PARKS & AMENITIES
DECISION SUPPORT SYSTEM

Park Analysis Report



Scenario Information

Scenario Name:

Reseda Skate Facility

Description:

Acquisition of property located at 18128 and 18210 Sherman Way, in the Reseda area of the City, for the development of an ice skating rink and a roller hockey rink

Scenario Type:

New Park

Park Class:

Improved

Baseline Dataset*:

All Parks (RAP and Non-RAP)

*The baseline dataset is the existing parks dataset whose service areas are used to calculate the currently non-served metrics given below in blue. These residents and households, which would be served by the proposed park, are not currently served by any existing park in the baseline dataset.

Population and Age Breakdown

Household and Income Breakdown

	Total Residents Served:	Currently Non-Served Residents Served:
Residents Served:	5,563	2,955

	Total Households Served:	Currently Non-Served Households Served:
Households Served:	2,035	883

Residents Served by Age

Under Age 5:	354	200
Age 5 to 9:	335	191
Age 10 to 14:	339	200
Age 15 to 17:	204	122
Age 18 to 64:	3,636	1,982
Age 65 and Over:	695	260

Households Served by Annual Income

Under \$25,000:	779	294
\$25,000 to \$34,999:	286	120
\$35,000 to \$49,999:	186	113
\$50,000 to \$74,999:	259	133
\$75,000 and Over:	525	223

Source: Census/ACS 2010