

**SUMMARY OF KEY TERMS AND CONDITIONS OF  
JOINT DEVELOPMENT AGREEMENT AND GROUND LEASE  
FOR THE  
LOS LIRIOS JOINT DEVELOPMENT PROJECT  
AT  
LACMTA'S 1<sup>ST</sup>/SOTO STATION  
  
(DATED: JANUARY 31, 2021)**

*This Summary of Key Terms and Conditions (“**Term Sheet**”) outlines the key terms and conditions of a development transaction by and between the Los Angeles County Metropolitan Transportation Authority (“**LACMTA**”) and a joint venture between East LA Community Corporation, a California nonprofit public benefit corporation (“**ELACC**”), and Bridge Housing Corporation – Southern California, a California nonprofit public benefit corporation (collectively with ELACC, the “**Developer**”), and their affiliates and related development entities, with respect to certain LACMTA real property situated on the southwest corner of 1<sup>st</sup> and Soto Streets, in the community of Boyle Heights, in the City of Los Angeles. The development transaction contemplates, among other things, (a) a proposed Joint Development Agreement (“**JDA**”) between LACMTA and Developer, and (b) a proposed ground lease (“**Ground Lease**”) between LACMTA and a limited partnership that is an affiliate of Developer and created for the purposes of the development, construction and operation of the Project defined below (“**Ground Lease Tenant**”). The purpose and intent of this Term Sheet is to set forth the general terms and conditions of the development transaction, including the JDA and Ground Lease. Any Section numbers referenced herein shall refer to the corresponding Section numbers in this Term Sheet.*

**1. GENERAL DESCRIPTION**

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**1.1 DEVELOPMENT SITE:** LACMTA is the fee owner of approximately 47,200 square feet of real property located on the southwest corner of 1<sup>st</sup> and Soto Streets, in the community of Boyle Heights, in the City of Los Angeles (the “**LACMTA Property**”). The proposed development site (the “**Premises**”) is an approximately 29,127-square foot portion of the LACMTA Property, consisting of (1) a portion of an existing landscaped plaza (the “**Soto Station Plaza**”) surrounding a portal leading to the Metro L Line’s (formerly, the Metro Gold Line’s) subterranean Soto station (“**Soto Station**”), and (2) two vacant lots situated southerly thereof. The remaining, approximately 18,073 square foot portion of the LACMTA Property (the “**LACMTA Transit Property**”) contains Soto Station, the portal, and most of the Soto Station Plaza, which includes seating, trees, landscaping and at-grade and subsurface subway station improvements. The Premises, the LACMTA Property and the LACMTA Transit Property are depicted on Exhibit 1 attached hereto.

## 1.2 DEDICATIONS:

LACMTA will consider any dedications and grants of LACMTA's real property rights in the LACMTA Property to the City of Los Angeles or other public or quasi-public entities as are reasonably necessary to support the development, construction, and operation of the Project (defined below), subject to such reasonable compensation as is acceptable to LACMTA. Dedications and grants approved by LACMTA shall be referred to herein as "**Dedications**." Developer has informed LACMTA that, as of the date of this Term Sheet:

1. The City of Los Angeles is requiring the following dedications:
  - a. a 3-foot-wide dedication for public right-of-way purposes along the full length of the LACMTA Property's frontage along 1<sup>st</sup> Street;
  - b. a 1.75-foot-wide dedication for public right-of-way purposes along the full length of the LACMTA Property's frontage along Soto Street;
  - c. a 4-foot-wide dedication for public right-of-way purposes along the full length of the LACMTA Property's frontage along an alley on the west side of the LACMTA Property; and
  - d. a dedication at the corner of 1<sup>st</sup> and Soto Streets at the LACMTA Property's northeast corner consisting of either a 20-foot radius property line return or a 15-foot by 15-foot corner cut.
2. Developer is unaware of any other dedications that will be required for purposes of the Project.

The forgoing dedications are depicted on Exhibit 1. Subject to the approval of the LACMTA Board of Directors (the "**LACMTA Board**"), LACMTA does not take exception to the subject dedication(s); provided that the Developer and LACMTA have entered into the JDA and further provided that such dedications do not negatively affect existing Public Transit Facilities (defined below) that are situated within or near the dedication area.

## 1.3 PROPOSED PROJECT:

The proposed development project (the "**Project**") will include, without limitation: (a) sixty-two (62) to sixty-four (64) rental apartments (all will be income-restricted affordable units except for one (1) of which will be an unrestricted property manager's unit), as is more particularly indicated on the Unit Mix attached hereto as Exhibit 2 (collectively, the "**Affordable Housing**"), (b) approximately 2,440 square feet of commercial space, and (c) fifty (50) parking spaces (thirty-eight (38) for support of the residential

portion of the Project and the remaining twelve (12) for support of the commercial portion of the Project). Developer intends to provide sixty-four (64) apartments in the Project, but this amount may be reduced by elimination of one or both of the Project's two (2) ground floor apartments if such reduction is reasonably necessary for Project feasibility. The total of fifty (50) parking spaces noted above is inclusive of four (4) residential parking spaces and six (6) commercial parking spaces that are in excess of the number of required Project parking spaces pursuant to the Project's entitlements from the City of Los Angeles. The final number of Project parking spaces may be reduced by up to the ten (10) excess parking spaces, if such spaces must reasonably be removed to accommodate a requirement that is imposed by the Department of Building and Safety of the City of Los Angeles as part of its permit approvals for the Project. To the extent commercially reasonable, Developer shall (i) reduce excess commercial parking spaces before reducing excess residential parking spaces and (ii) remove the fewest number of excess parking spaces needed to accommodate any such Department of Building and Safety requirement.

The Project shall comply with the City of Los Angeles' Green Building Code and shall be constructed to the standards of the GreenPoint Rated Program (or the equivalent, as reasonably agreed by LACMTA).

**1.4 PHASED DEVELOPMENT:** The Project will be constructed in a single phase.

## **2. GENERAL CONDITIONS**

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### **2.1 FEDERAL, STATE AND LOCAL FUNDING**

**SOURCE APPROVAL:** Initial investigation by LACMTA indicates that the parcels comprising the LACMTA Property were acquired by LACMTA for purposes of the Metro L Line (formerly the Metro Gold Line), which was constructed using Federal and State funds. Therefore, the construction and operation of the Project, the Ground Lease transaction, the Dedications and other development-related matters contemplated in this Term Sheet are subject to: (a) applicable Federal and State approvals/concurrences; (b) LACMTA confirmation that such actions will not violate any bond funding related requirements or restrictions imposed on LACMTA, the LACMTA Property or the Metro L Line (formerly the Metro Gold Line), and (c) applicable bond trustee and bond holder approval (collectively, the "**Funding Approvals**"). After execution of the JDA, LACMTA shall submit applications for all necessary Funding Approvals to the appropriate approving authorities within seventy-five (75) days, and shall work diligently to obtain the

Funding Approvals, subject to the requirements of funding providers.

**2.2 DEVELOPMENT  
ENTITLEMENTS  
& OTHER LEGAL  
REQUIREMENTS:**

Developer has or will have obtained, prior to any LACMTA Board action with respect to the JDA or the Ground Lease, at its sole cost and expense, all required entitlements for the Project from the City of Los Angeles, as well as the completion of all CEQA Review (defined in the next sentence) related to the Project. “**CEQA Review**” of the Project, shall mean (a) environmental review and clearance of the Project pursuant to CEQA by the City of Los Angeles, as Lead Agency under CEQA, and the adoption of all related approvals/findings/determinations by the Los Angeles City Council, and (b) environmental review and clearance of the Project pursuant to CEQA by LACMTA, as a Responsible Agency under CEQA, and the adoption of all related approvals/findings/determinations by the LACMTA Board. LACMTA shall perform its environmental review of the Project after the City of Los Angeles has completed its review and the Los Angeles City Council has adopted approvals/findings/determinations resulting from that review. Developer and Ground Lease Tenant shall comply with all applicable City of Los Angeles zoning, land use, planning and entitlement-related requirements and other legal requirements related to the development, construction and operation of the Project.

**2.3 AS-IS CONDITION:**

The Premises are being offered to Developer and Ground Lease Tenant for construction and operation of the Project under the Ground Lease in their as-is condition, without any warranty by LACMTA.

**2.4 COMPLIANCE WITH LAWS:**

During the term of the JDA and Ground Lease, Developer and Ground Lease Tenant (as applicable), at their sole expense, shall comply with all applicable federal, state and local laws, ordinances, regulations, rules and orders with respect to their respective rights and responsibilities under the JDA and Ground Lease. Furthermore, Developer shall acknowledge in the JDA that, in LACMTA’s performance of its obligations and adherence to the terms and conditions of the JDA, LACMTA is subject to all applicable federal and state laws (including, but not limited to, California Government Code Section 54220 *et seq.* (the “**Surplus Land Act**”)), and that LACMTA shall not be obligated to perform any obligation or adhere to any covenant under the JDA if such performance or adherence would result in a violation of any such laws.

## 2.5 SUPERSEEDURE:

This Term Sheet supersedes and replaces any and all term sheets or summaries of key terms and conditions relating to the Premises, the Project or any joint development agreement or ground lease with respect to the Premises dated prior to the date of this Term Sheet. Notwithstanding the foregoing, that certain Exclusive Negotiation Agreement and Planning Document between LACMTA and Developer, dated June 22, 2016, as amended (the “**ENA**”), shall remain in full force and effect and be unchanged by this Term Sheet.

## 3. KEY JDA TERMS:

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### 3.1 JDA - GENERALLY:

The JDA will address matters between Developer and LACMTA regarding the Project and the LACMTA Property commencing on the JDA Commencement Date (defined below) and, unless terminated sooner, ending on the JDA Expiration Date (defined below). After (a) the LACMTA Board has authorized execution of the JDA, Ground Lease and other transaction-related documents in accordance with this Term Sheet and (b) the CEQA Review is complete, then LACMTA and Developer will enter into a JDA containing terms and conditions that are substantially consistent with those set forth in this Term Sheet, subject to any modifications as directed by the LACMTA Board that are agreed to by Developer.

### 3.2 JDA TERM:

The JDA term (the “**JDA Term**”) shall commence upon execution of the JDA by LACMTA and Developer (the “**JDA Commencement Date**”) and shall expire on the earlier of December 31, 2022 or execution of the Ground Lease (“**JDA Expiration Date**”). Notwithstanding the foregoing, LACMTA shall have the right to terminate the JDA for defaults that will be detailed in the JDA, subject to applicable notice and cure periods.

### 3.3 JDA CONSIDERATION/ HOLDING RENT:

As consideration for the rights granted to Developer during the JDA Term, commencing with the JDA Commencement Date and continuing throughout the JDA Term, Developer will pay LACMTA a monthly non-refundable holding rent (“**Holding Rent**”) at the commencement of each month of the JDA Term in an amount equal to \$2,500. Holding Rent for partial months at the beginning and end of the JDA Term shall be prorated. All Holding Rent due LACMTA shall be non-refundable, but all Holding Rent received by LACMTA shall be applied at Closing (defined below) as a credit against the Capitalized Rent due under the Ground Lease, in the event the Ground Lease is executed.

### 3.4 CLOSING/CONDITIONS TO CLOSING:

During the term of the JDA, LACMTA and Developer shall (a) open an escrow (“**Escrow**”) with Commonwealth Title and (b) work in good faith to satisfy certain conditions precedent to

execution of the Ground Lease that shall be set forth in the JDA (the “**Closing Conditions**”). When all of the Closing Conditions have been satisfied (or waived by the applicable party) and when Developer has assigned to Ground Lease Tenant Developer’s right under the JDA to enter into the Ground Lease, then Ground Lease Tenant and LACMTA will enter into the Ground Lease. The “**Closing**” shall occur on the date that Ground Lease Tenant and LACMTA enter into the Ground Lease and LACMTA receives all rent, Deposits and other amounts then due LACMTA under the JDA, the Ground Lease and all other documents and agreements related to the Project or the Ground Lease transaction. Documents related to Closing, including, without limitation, the Ground Lease, will be executed by LACMTA, as one party, and Developer and/or Ground Lease Tenant, as the other party(ies), as is necessary to properly effectuate the Closing.

The Closing Conditions shall include the following requirements:

- (a) Developer’s delivery of evidence and assurances (“**Financial Assurances**”) to LACMTA, via documentation provided by Developer to the satisfaction of LACMTA, demonstrating that Ground Lease Tenant has sufficient financial resources in place to construct and operate the Project, which Financial Assurances will include evidence that all funding sources for construction and operation of the Project are fully committed without reservation;
- (b) Developer’s (or Ground Lease Tenant’s) receipt of all governmental approvals necessary (including LACMTA approvals and City of Los Angeles approvals and entitlements) for the development, and construction of the Project, including LACMTA’s approval of Final Construction Documents (defined below) (such LACMTA-approved Final Construction Documents, the “**Approved Construction Documents**”);
- (c) the City of Los Angeles’ and LACMTA’s (i) completion of all necessary CEQA Review for the Project, (ii) adoption of all related CEQA approvals, findings and determinations by the Los Angeles City Council and the LACMTA Board, and (iii) the expiration of all applicable statutes of limitation with respect to such approvals, findings and determinations without a lawsuit having been timely filed with respect to the same (but if such a lawsuit is so filed, then the occurrence of the final adjudication or dismissal with prejudice of such lawsuit in a manner that upholds such approvals, findings and determinations);
- (d) Developer’s (or Ground Lease Tenant’s) receipt of a “ready to issue” letter from the City of Los Angeles for all building permits necessary for the construction of the Project in accordance with the Approved Construction Documents;
- (e) Ground Lease Tenant’s and LACMTA’s execution and delivery of the Ground Lease to Escrow and Ground Lease Tenant’s, Developer’s and/or LACMTA’s execution and delivery (as applicable) of all other transaction documents to Escrow, all as contemplated in the JDA;
- (f) LACMTA’s receipt of all Funding Approvals;
- (g) LACMTA’s receipt of Payment and Performance

Bonds and a Completion Guaranty from Ground Lease Tenant guaranteeing and securing Completion of the Project, each in a form satisfactory to LACMTA; and (h) LACMTA's receipt of assurances from Developer that Ground Lease Tenant is ready to commence construction of the Project promptly following the Closing. As used in this Term Sheet, the term "**Completion of the Project**" shall occur when Ground Lease Tenant receives a final certificate of occupancy from the City of Los Angeles permitting occupancy of the entire Project.

**3.5 JDA DESIGN REVIEW:**

During the JDA Term and the Construction Period (defined below), LACMTA will have the right to review and approve the design of the Project to the extent of any design elements that affect, directly or indirectly the following (collectively, the "**LACMTA Design Concerns**"):

- (a) The LACMTA Operations-Related Concerns (defined below);
- (b) The exterior of the Project, including its appearance, scale, configuration, height, massing, modulation, roof line, materials, entries, fenestration, balconies, signage, and lighting;
- (c) The public realm surrounding the Project, including public features such as outdoor seating, lighting, and street trees, and the pedestrian experience along Project frontages;
- (d) The relationship of the Project to the surrounding community, including adjacent properties, the Soto Station Plaza, and public streets, alleys and spaces;
- (e) Soto Station Plaza, including its landscaped and hardscaped elements, and other public features such as seating and other street furnishings, lighting, and street trees;
- (f) The Project's public open spaces, including landscaped and hardscaped elements, and other public features such as seating and other street furnishings, lighting, and street trees;
- (g) The Project's public bicycle and vehicular elements and its public pedestrian elements and the relationship of such elements to building entries, transit service and the public realm and the quantity of private bicycle parking spaces for the Project, and the relationship of such private bicycle parking spaces to building entries;
- (h) A change in the scope of the Project from that set forth in the Section 1.3; and

- (i) The commercial space, including its depth, location in the Project, and adequacy of infrastructure for specific uses.

LACMTA shall **not** have the right to review or approve interior floor plans, or non-structural interior elements, except to the extent of the LACMTA Design Concerns, and shall not have the right to review or approve interior finishes.

LACMTA's exercise of its rights hereunder for matters that **are not** related to LACMTA Operations-Related Concerns will be at LACMTA's reasonable discretion, except to the extent that the design of the Project as depicted, described and specified on any such plans and specifications **does not** represent a logical evolution of the design depicted, described and specified on those plans and specifications approved by LACMTA at the preceding level of design development (a "**Logical Evolution**").

LACMTA's exercise of its rights hereunder for matters that **are** related to LACMTA Operations-Related Concerns or **are not** a Logical Evolution will be at LACMTA's sole and absolute discretion. LACMTA's design approval rights as set forth herein are, in part, intended to ensure that the Project meets LACMTA's Satisfactory Continuing Control Requirement (as defined in Section 4.22).

Except as otherwise approved in writing by LACMTA, the Project's Final Construction Documents shall be a Logical Evolution of the plans detailed and referenced in Exhibit 3 attached hereto (the "**Entitlement Package Plans**"). LACMTA acknowledges that Developer has provided LACMTA with the plans and specifications detailed on Exhibit 4 for LACMTA's review, which LACMTA is in the process of reviewing. These plans and specifications include the Project's Construction Document Progress Plans for all portions of the Project other than the design for the Soto Station Plaza portion of the Project, which is at the Conceptual Design phase of the design development process due to a redesign of this portion of the Project. The Project's Construction Document Progress Plans shows the design of the portion of the Project addressed therein at 75% completion.

**"Final Construction Documents"** means final plans and specifications approved by the City of Los Angeles for the construction of the Project and containing details as would be reasonably necessary to allow LACMTA to assess all impacts of such construction in accordance with LACMTA's rights under the JDA.

**"LACMTA Operations-Related Concerns"** means (a) the operations of LACMTA, including the experience of transit patrons and transit users, (b) LACMTA's exercise of its Retained Rights (defined below) and any area subject to the Retained Rights, (c)



the LACMTA Transit Property, the Public Transit Facilities, the access to or from each of the same, and the maintenance, repair, modification, renovation and replacement of each of the same, (d) the lateral and subjacent support to the LACMTA Transit Property, the Public Transit Facilities and any area providing support necessary for LACMTA to exercise its Retained Rights, and (e) public, transit patron and LACMTA employee and contractor health and safety.

**“LACMTA Transit Equipment”** means all of the equipment, cable, conduit, fixtures, furnishings, and vehicles located or operating in, on, under, over, about, or adjacent to the LACMTA Property and used or installed by LACMTA for any transit purpose, including ticket vending machines, ticket validation and gating systems and other equipment serving a comparable function, map and information cases and directional signs, lighting, security cameras, rail cars, vehicles, tracks, signaling devices, maintenance equipment, public address systems, fire protection equipment, communication antennas, and all other transit related or LACMTA related equipment and vehicles.

**“Public Transit Facilities”** means all transit-related or LACMTA-related improvements, structures, stations, equipment, fixtures, trains, subways, buses and furnishings now existing or hereafter located in, on, under, near, adjacent to, and/or passing through, the LACMTA Property, including, without limitation, Soto Station and its related improvements (including the Soto Station Plaza and portal), the LACMTA Transit Equipment, water lines, sanitary sewer lines, storm sewer improvements, electrical lines, antennas, elevator, shafts, vents, portals, and exits.

**3.6 FINAL CONSTRUCTION  
DOCUMENT REVIEW  
TIMING:**

[INTENTIONALLY OMITTED]

**3.7 OUTREACH:**

During the JDA Term, Developer shall lead and conduct public outreach with respect to the Project in accordance with the outreach plan (**“Outreach Plan”**) attached hereto as Exhibit 5. Such Outreach Plan may be amended from time to time by Developer, subject to LACMTA’s written approval, which approval shall not be unreasonably withheld, conditioned or delayed.

**3.8 TRANSFERS, ASSIGNMENT  
AND SUBLETTING:**

Except (a) for a one-time transfer by Developer to Ground Lease Tenant immediately prior to the execution of the Ground Lease and (b) as otherwise approved in writing by LACMTA in its sole and absolute discretion, Developer shall not transfer or assign its rights or obligations under the JDA or any portion thereof.

**4. KEY GROUND LEASE TERMS:**

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**4.1 GROUND LEASE TENANT:** The tenant under the Ground Lease shall be the Ground Lease Tenant (defined in the preamble).

**4.2 GROUND LEASE –  
GENERALLY:**

At Closing, LACMTA, as landlord, and Ground Lease Tenant, as tenant, will enter into the Ground Lease, which will provide for the development, construction and operation of the Project on the Premises by Ground Lease Tenant, at Ground Lease Tenant's sole cost and expense. The Ground Lease will contain terms and conditions that are substantially consistent with those set forth in this Term Sheet, subject to such modifications as may be directed by the LACMTA Board that are agreed to by Ground Lease Tenant.

**4.3 CONSTRUCTION/  
CONSTRUCTION  
PERIOD:**

The Project shall be constructed in accordance with the Approved Construction Documents, which LACMTA, Developer and Ground Lease Tenant intend to be a Logical Evolution (pursuant to Sections 3.5 and 4.13) of the Entitlement Package Plans. The Ground Lease will require commencement of construction within thirty (30) days after the Commencement Date (defined below). The construction period for the Project ("**Construction Period**") will commence on the Commencement Date and will terminate upon completion of construction of the Project in accordance with the Ground Lease.

**4.4 UNSUBORDINATED  
GROUND LEASE:**

Neither LACMTA's interests under the Ground Lease (including Federal and State interests as a providers of funds for the Metro L Line (formerly the Metro Gold Line)) nor LACMTA's Satisfactory Continuing Control Requirement shall be subordinated to any interest that Ground Lease Tenant or its lenders or investors will have in the Premises. Notwithstanding the foregoing, LACMTA agrees to (a) work in good faith with Ground Lease Tenant and Developer to reach an agreement on the forms of separate riders to the Ground Lease (each, a "**Lease Rider**") amending the Ground Lease for the benefit of the California Tax Credit Allocation Committee ("**TCAC**") and, if applicable, the California Department of Housing and Community Development ("**HCD**"), as is reasonably required by either party in connection with an award of tax credits or other financing for the Project, and (b) upon reaching agreement on a particular form for each Lease Rider, to allow such Lease Rider, once executed, to be recorded against the fee interest in the Premises.

**4.5 GROUND LEASE  
PREMISES:**

The premises under the Ground Lease shall be the Premises.

**4.6 GROUND LEASE TERM:** The initial term of the Ground Lease (the “**Initial Ground Lease Term**”) will commence on the date of the Closing, pursuant to the terms of the JDA (such date being the “**Commencement Date**”), and will expire on the date occurring fifty-seven (57) years after the Commencement Date. Ground Lease Tenant shall have a single option to extend the Initial Ground Lease Term for an additional forty-two (42) year term (the “**Option Period**”) by providing written notice to LACMTA on or before the fifty-sixth (56th) anniversary of the Commencement Date. The Initial Ground Lease Term as extended by the Option Period shall be the “**Ground Lease Term.**”

**4.7 CAPITALIZED GROUND RENT:** Upon execution of the Ground Lease, Ground Lease Tenant shall pay LACMTA a capitalized rent payment (the “**Capitalized Rent**”) in an amount equal to \$1,200,000 for the Initial Ground Lease Term. The Capitalized Rent reflects a discount of \$3,117,000 (approximately 72%) off of the Premise’s \$4,317,000 fair market value.

**4.8 OPTION PERIOD RENT:** Developer shall pay fair market rent for the Option Period (“**Option Period Rent**”) either as (a) a capitalized rent payment paid at the commencement of the Option Period or (b) as a monthly rent payment paid throughout the term of the Option Period. The decision to pay Option Period Rent as either a capitalized payment or a monthly payment shall be at Developer’s election made at the time of Developer’s exercise of its option to extend the Initial Ground Lease Term pursuant to Section 4.6. If Developer elects the monthly payment option, Option Period Rent shall commence to accrue on the first day of the Option Period and shall be paid monthly, in advance, over the term of the Option Period. Option Period Rent shall be negotiated by LACMTA and Ground Lease Tenant based on appraisals of the Premises procured by each party, as set forth in the Ground Lease. The appraisals shall assume that the Premises are vacant and usable only for those uses permitted under the Ground Lease and, as applicable, subject to any then-existing affordability covenants and all applicable affordability restrictions set forth in Section 4.18. If LACMTA and Ground Lease Tenant are unable to agree on the amount of the Option Period Rent, such amount will be determined by arbitration, as set forth in the Ground Lease.

**Annual CPI Adjustment.** If Developer elects the monthly payment option, Option Period Rent shall be adjusted every five (5) years on the anniversary of the commencement of the Option Period (each such date being an “**Option Rent CPI Adjustment Date**”) to equal the greater of: (a) the Option Period Rent existing just prior to the Option Rent CPI Adjustment Date and (b) the Option Period Rent existing just prior to the Option Rent CPI

Adjustment Date as adjusted for changes in CPI for the prior 60-month period.

**4.9 PERCENTAGE RENT:**

Ground Lease Tenant shall pay LACMTA percentage rent in an amount equal to thirty-three percent (33%) of all gross rent paid or credited to Ground Lease Tenant for commercial uses of the Project or the Premises ("**Percentage Rent**"), including without limitation, commercial uses in the Project's 2,440 square feet of commercial space. Percentage Rent shall be calculated on a calendar year basis and shall be due to LACMTA from Ground Lease Tenant annually, in arrears, on March 1<sup>st</sup> of the calendar year following the subject calendar year, with a full accounting of the amount due.

**4.10 DISTRIBUTION OF CONSTRUCTION COST SAVINGS:**

To the extent that the Project has any Cost Savings (defined below) and subject to receipt of customary approvals from TCAC regarding the distribution of such Cost Savings to the Project's Subsidy Providers (defined below), Ground Lease Tenant shall pay LACMTA's Pro Rata Share of Cost Savings (defined below) to LACMTA, within sixty (60) days after the Ground Lease Tenant's receipt of the Forms 8609 from TCAC (certifying that the Developer-submitted TCAC Cost Certification (defined below) is acceptable); provided, however, that such amount shall not exceed the Capitalized Foregone Rent (defined below). Ground Lease Tenant shall submit the TCAC Cost Certification to TCAC no later than one (1) year after Completion of the Project and anticipates receipt of the Forms 8609 within one (1) year after such submission. LACMTA shall have audit rights to verify the calculation of Cost Savings and LACMTA's Pro Rata Share of Cost Savings.

**"Capitalized Foregone Rent"** means \$3,117,000 (i.e. the \$4,317,000 fair market value of the Premises minus the \$1,200,000 Capitalized Rent.

**"Cost Savings"** means total Project Funding minus total Development Costs.

**"Development Costs"** means the actual hard and soft costs incurred by Ground Lease Tenant for the initial development and construction of the Project, including, without limitation all deferred developer fees due Ground Lease Tenant, as reflected on Ground Lease Tenant's TCAC Cost Certification.

**"LACMTA's Pro Rata Share of Cost Savings"** shall be equal to the Cost Savings (if any) multiplied by the Capitalized Foregone Rent and divided by the sum of the Capitalized Foregone Rent and all Soft Loans.

**“Project Funding”** means all public and private funding provided to Ground Lease Tenant for the initial development and construction of the Project, including the Total Project Subsidy.

**“Soft Loans”** means public loans provided to Ground Lease Tenant for purposes of the development of the Project that allow debt service payments to be paid from Project net cash flow (i.e. residual receipts). Soft Loans exclude any operating subsidies.

**“Subsidy Providers”** means LACMTA with respect to the Foregone Rent and all Soft Loan providers with respect to their Soft Loans.

**“TCAC Cost Certification”** means that certain cost certification prepared by Ground Lease Tenant and approved by TCAC in accordance with California Code of Regulations Title 4, Division 17, Chapter 1, Section 10322(i)(2) and setting forth the actual Development Costs, Project Funding and Total Project Subsidy for the initial development and construction of the Project.

**“Total Project Subsidy”** means all public funding provided to Ground Lease Tenant for the initial development and construction of the Project, including Soft Loans and the Capitalized Foregone Rent (and excluding any operating subsidy).

#### **4.11 NET LEASE:**

All rent to be paid by Ground Lease Tenant under the Ground Lease shall be absolutely net to LACMTA, without offset, deduction or withholding. Ground Lease Tenant shall be responsible for all capital costs and operating expenses attributable to the development, construction, operation and maintenance of the Project, including all taxes and assessments levied upon the Project or any interest in the Ground Lease. Ground Lease Tenant is aware that the Premises are also subject to possessory interest taxes, which shall be paid by Ground Lease Tenant.

#### **4.12 SALE/REFINANCING PROCEEDS:**

Upon a Refinancing (defined below) of the Project, Ground Lease Tenant shall pay LACMTA, as a fee for LACMTA’s consent in connection with such Refinancing, an amount equal to thirty-three percent (33%) of all Refinancing Net Proceeds (defined below) received by Ground Lease Tenant for the Refinancing of the Project. Upon a Sale (defined below) of the Project, Ground Lease Tenant shall pay LACMTA, as foregone rent in connection with the Sale of the Project, an amount equal to the lesser of (a) thirty-three percent (33%) of all Sale Net Proceeds (defined below) received by Ground Lease Tenant for the Sale of the Project, and (b) Cumulative Foregone Rent (defined below).

LACMTA shall have audit rights to verify the calculation of Refinancing Net Proceeds and Sale Net Proceeds.

**“CPI Adjusted Foregone Rent”** means the greater of: (a) the Foregone Rent existing just prior to a particular Foregone Rent CPI Adjustment Date and (b) the Foregone Rent existing just prior to such Foregone Rent CPI Adjustment Date as adjusted for changes in the CPI for the prior 12-month period.

**“Cumulative Foregone Rent”** means with respect to a particular Sale, the sum of the Foregone Rent that has accrued over the period between the Commencement Date and the Sale date, less the amount of any Sale Net Proceeds or Foregone Rent previously paid to LACMTA.

**“Foregone Rent”** means the annual rent (or portion thereof) foregone by LACMTA as a result of LACMTA receiving less than fair market rent under the Ground Lease, which amount shall equal:

- (a) For the Initial Ground Lease Term:
  - i. For the first year of the Ground Lease Term, the amount resulting from multiplying the \$3,117,000 Capitalized Rent discount by a 7% cap rate; and
  - ii. For each subsequent year of the Ground Lease Term, the CPI Adjusted Foregone Rent; and
- (b) For the Option Period: Amount(s) mutually agreed to by LACMTA and Ground Lease Tenant at the time that the Option Period Rent is established pursuant to Section 4.8.

Notwithstanding the foregoing, the Foregone Rent for the year in which LACMTA receives LACMTA's Pro Rata Share of Cost Savings (if any) shall be adjusted downward as follows:

The Foregone Rent for the Initial Ground Lease Term shall be recalculated as the sum of the \$3,117,000 Capitalized Rent discount minus LACMTA's Pro Rata Share of Cost Savings (if any) multiplied by a 7% cap rate. The foregoing sum shall then be adjusted for changes in the CPI between the first year of the Ground Lease Term and the year in which the adjustment occurs, which shall result in the **“Adjusted Foregone Rent”**. Each subsequent year of the Initial Ground Lease Term shall apply the Adjusted

Foregone Rent to the CPI adjuster in the definition of CPI Adjusted Foregone Rent.

**“Foregone Rent CPI Adjustment Date”** means each annual anniversary of the Commencement Date.

**“Refinancing”** shall be defined as the creation or substantial modification of a loan secured directly or indirectly by any portion of the Premises, the Project, Ground Lease Tenant, and/or Ground Lease Tenant’s leasehold interest under the Ground Lease.

**“Refinancing Net Proceeds”** means with respect to each Refinancing, the gross principal amount of the Refinancing, less (a) the amount of any then-existing debt secured directly or indirectly by any portion of the Premises, the Project, Ground Lease Tenant, and/or Ground Lease Tenant’s leasehold interest under the Ground Lease that is satisfied out of the Refinancing proceeds, (b) amounts to be used by Ground Lease Tenant to make repairs or capital improvements to the Project within twenty four (24) months after the closing date of the Refinancing, and (c) the following transaction costs and expenses paid by Ground Lease Tenant to any non-affiliate of Ground Lease Tenant in connection with the consummation of the Refinancing, to the extent such costs are commercially reasonable: escrow fees, title charges, lender fees or charges, recording costs, brokerage commissions, attorneys’ fees and a reasonable developer fee to Ground Lease Tenant or an affiliate thereof to cover costs related to the consummation and administration of the Refinancing.

**“Sale”** means the direct or indirect transfer of any portion of the beneficial interest in the Premises, the Project, and/or Ground Lease Tenant’s leasehold interest under the Ground Lease.

**“Sale Net Proceeds”** means with respect to each Sale, the total consideration less (a) the amount of any then-existing debt secured directly or indirectly by any portion of the beneficial interest in the Premises, the Project, and/or Ground Lease Tenant’s leasehold interest under the Ground Lease that is satisfied out of the Sale proceeds, and (b) the following transaction costs and expenses paid by Ground Lease Tenant to any non-affiliate of Ground Lease Tenant in connection with the consummation of the Sale, to the extent such costs are commercially reasonable: escrow fees, title charges, lender fees or charges, recording costs, brokerage commissions and attorneys’ fees (and, for re-syndications only, a reasonable developer fee to Ground Lease Tenant or an affiliate thereof to cover costs related to the consummation and administration of the re-syndication proceeds).

**4.13 GROUND LEASE  
DESIGN REVIEW:**

With respect to the initial construction of the Project, Ground Lease Tenant shall not make any changes to the Approved Construction Documents or the Project that affect the LACMTA Design Concerns without the prior consent of LACMTA and any such changes shall be requested in writing by Ground Lease Tenant. During the Construction Period, LACMTA will have design review rights with respect to any such changes in the same manner as set forth in Section 3.5. LACMTA's exercise of its rights hereunder for changes that represent Logical Evolutions of the design and are not related to LACMTA Operations-Related Concerns will be at LACMTA's reasonable discretion. LACMTA's exercise of its rights hereunder for changes that are related to LACMTA Operations-Related Concerns or are not Logical Evolutions of the design will be at LACMTA's sole and absolute discretion. In addition to the foregoing, LACMTA shall retain similar design approval rights as set forth in Section 3.5 for any substantive Project changes or improvements sought by Ground Lease Tenant after the initial construction of the Project. LACMTA's design approval rights as set forth herein are, in part, intended to ensure that the Project meets LACMTA's Satisfactory Continuing Control Requirement.

**4.14 DEEMED APPROVAL:**

[INTENTIONALLY OMITTED]

**4.15 MAINTENANCE AND  
OPERATIONS:**

Ground Lease Tenant shall maintain and operate all portions of the Project and the Premises at its sole cost and expense. Notwithstanding the foregoing:

- a. LACMTA shall power wash, at its sole cost and expense, the surface of that portion of the Soto Station Plaza areas situated on the Premises (as indicated on Exhibit 6 attached hereto) when it power washes the remainder of the Soto Station Plaza surface that is not situated on the Premises;
- b. Ground Lease Tenant shall adequately water (from Ground Lease Tenant's metered sources) and maintain, at its sole cost and expense, all Soto Station Plaza planter trees and planter landscaping (as indicated on Exhibit 6 attached hereto), whether such planter trees and planter landscaping are situated on or off the Premises;
- c. Ground Lease Tenant shall maintain, at its sole cost and expense, all Soto Station Plaza planter structures situated on or predominantly on the Premises (as indicated on Exhibit 6), including all seating situated thereon or incorporated therein;



- d. Ground Lease Tenant shall not be obligated to maintain or provide irrigation to any Soto Station Plaza trees that are not part of Ground Lease Tenant's obligations set forth in Item b, above (including any such trees situated on the Premises), which trees shall be irrigated from LACMTA metered sources; and
- e. Ground Lease Tenant shall not be obligated to maintain any Soto Station Plaza planter structures that are not situated on the Premises (as indicated on Exhibit 6), including all seating situated thereon or incorporated therein.

All maintenance shall be pursuant to maintenance and operations standards to be mutually agreed upon by Ground Lease Tenant and LACMTA and set forth in the Ground Lease, provided that the LACMTA power washing noted above shall be subject to LACMTA's cleaning schedule (which, as of the date of this Term Sheet, is between 10pm and 4am) and cleaning frequency (which, as of the date of this Term Sheet, is one time per month).

#### **4.16 DEMOLITION/DEMOLITION**

##### **SECURITY:**

At the expiration or earlier termination of the Ground Lease ("**Expiration Date**"), at LACMTA's option, as specified in writing by LACMTA up to ninety (90) days after the Expiration Date, Ground Lease Tenant shall (a) demolish and remove the Project and any improvements located on the Premises, exclusive of any LACMTA improvements and/or transportation-related amenities and facilities then located on the Premises, and (b) return the Premises to LACMTA in its otherwise original condition (collectively, the "**Demolition**"), all at Ground Lease Tenant's sole cost and expense. Ground Lease Tenant shall have no right to demolish or remove the Project or any improvements on the Premises that LACMTA does not instruct Ground Lease Tenant to demolish or remove.

On the forty fifth (45<sup>th</sup>) anniversary of the Commencement Date, Ground Lease Tenant shall deliver to LACMTA a report for LACMTA's review and approval prepared by a construction and demolition expert reasonably approved by LACMTA that details the means and methods that would be employed to complete the full Demolition of the Project ("**Demolition Report**"). The obligations set forth in this Section 4.16 apply even though Section 4.6 does not require Ground Lease Tenant to make an election regarding the exercise of its option to extend the Initial Ground Lease Term until the fifty-sixth (56<sup>th</sup>) anniversary of the Commencement Date. The Demolition Report shall be prepared at Ground Lease Tenant's sole cost and expense and shall include a detailed cost estimate for such full Demolition. The

Demolition Report shall detail (a) a form of security proposed by Ground Lease Tenant to secure, for the benefit of LACMTA, the funding necessary to complete the full Demolition (the “**Demolition Security**”), and (b) a schedule reasonably satisfactory to LACMTA for the funding of the Demolition Security by Ground Lease Tenant, which schedule shall in all events provide for delivery of the Demolition Security to LACMTA no later than five (5) years prior to the Expiration Date. The Demolition Report shall be subject to LACMTA’s reasonable approval. The form of Demolition Security can be a deposit of funds, a letter of credit, a bond or other form of security, each in form and amount, and from an issuer, reasonably satisfactory to LACMTA in accordance with the LACMTA-approved Demolition Report. Upon the completion of the Demolition, if any, by Ground Lease Tenant and performance of any other obligations of Ground Lease Tenant under the Ground Lease, subject to set off by LACMTA for any amounts payable by Ground Lease Tenant to LACMTA pursuant to the Ground Lease, LACMTA shall return/release the Demolition Security to Ground Lease Tenant.

If Ground Lease Tenant elects to exercise its option to extend the Initial Ground Lease Term, then the Demolition Report shall be delivered to LACMTA on or before the eighty-seventh (87th) anniversary of the Commencement Date.

The Ground Lease shall set forth further details regarding the specifics and procedures related to the Demolition, the Demolition Report and the Demolition Security.

**4.17 FINANCING AND  
ENCUMBRANCES:**

Subject to LACMTA’s reasonable approval, Ground Lease Tenant may encumber its leasehold estate with mortgages, deeds of trust or other financing instruments; provided, however, in no event shall LACMTA’s fee title interest, the rent payable to LACMTA under the Ground Lease or LACMTA’s Satisfactory Continuing Control Requirement, be subordinated or subject to Ground Lease Tenant’s financing or other claims or liens (except as set forth in Section 4.19 in connection with Project-related affordable housing financing sources). Such encumbrances and financings shall be subject to LACMTA’s reasonable approval, except with respect to certain “**Permitted Financing Events**” meeting specific criteria to be set forth in the Ground Lease, which shall not require LACMTA’s approval. Subject to the satisfaction of specific criteria to be set forth in the Ground Lease and provided that such financing is from institutional lenders, governmental lenders or quasi-governmental lenders, Permitted Financing Events shall include: (i) such financing as is required to convert from construction to permanent financing and (ii) such financing as is required to maintain the financial feasibility of the Project in the event of the loss or reduction of the Project Based Vouchers

subsidy provided to support the operation of the twenty (20) apartments providing permanent supportive housing to formerly homeless households earning up to 30% of the Area Median Income (“AMI”).

**4.18 AFFORDABILITY  
REQUIREMENTS:**

The Ground Lease shall require Ground Lease Tenant to restrict the Project’s Affordable Housing throughout the Initial Ground Lease Term as follows:

- a. Twenty (20) permanent supportive housing apartments restricted to occupancy by formerly homeless households earning up to 30% of the AMI;
- b. Six (6) apartments restricted to occupancy by households earning up to 30% of AMI<sup>1</sup>;
- c. Seventeen (17) apartments restricted to occupancy by households earning up to 40% of AMI<sup>2</sup>;
- d. Fifteen (15) apartments restricted to occupancy by households earning up to 50% of AMI; and
- e. Five (5) apartments restricted to occupancy by households earning up to 60% AMI.

The Ground Lease shall also require that the unit mix for the Project’s apartments be restricted throughout the Initial Ground Lease Term as set forth on the Unit Mix table attached hereto as Exhibit 2. Notwithstanding the foregoing, the Ground Lease shall provide that in the event of a reduction in or loss of Project Based Vouchers (or a similar operating subsidy) supporting operations related to the Project’s twenty (20) permanent supportive housing apartments (“**PBV Reduction**”) during the Initial Ground Lease Term, Ground Lease Tenant may, during the period of any such PBV Reduction and only with respect to any of the twenty (20) permanent supportive housing apartments that become vacant during such period, lease such apartment to households that do not require supportive services and/or earn up to 60% of AMI; provided that Developer shall be allowed to utilize such measures only for the duration of and to the extent of the PBV Reduction. All income restrictions shall be based on AMI levels set by TCAC.

The Ground Lease shall require Ground Lease Tenant to restrict the Project’s Affordable Housing throughout the Option Period to occupancy by households earning up to 80% of AMI.

**4.19 AFFORDABLE HOUSING &**

<sup>1</sup> The total number of apartments restricted to households earning up to 30% of AMI could be reduced to a total of five (5), if Developer determines (and demonstrates to the reasonable satisfaction of LACMTA) that such reduction is necessary for the Project to be financially feasible.

<sup>2</sup> The total number of apartments restricted to households earning up to 40% of AMI could be reduced to a total of sixteen (16), if Developer determines (and demonstrates to the reasonable satisfaction of LACMTA) that such reduction is necessary for the Project to be financially feasible.

**ENTITLEMENT-RELATED  
COVENANTS:**

Ground Lease Tenant may encumber its leasehold estate with affordable housing covenants and other covenants reasonably required by Ground Lease Tenant's Project-related affordable housing funding sources or the City of Los Angeles as a condition to granting Project approvals, entitlements and building permits, which covenants shall be subject to LACMTA's review and reasonable approval. LACMTA will reasonably consider the encumbrance of its fee title interest with certain covenants, if required by Ground Lease Tenant's Project-related affordable housing funding sources or the City of Los Angeles as a condition to granting Project approvals, entitlements or building permits; provided that Ground Lease Tenant agrees to perform all obligations under said covenants during the Ground Lease Term and indemnify LACMTA for all claims and losses resulting from Ground Lease Tenant's failure to do the same. Notwithstanding the foregoing, LACMTA agrees to (a) work in good faith with Ground Lease Tenant and Developer to reach an agreement on the forms of separate Lease Riders amending the Ground Lease for the benefit of TCAC and, if applicable, HCD, as is reasonably required by either party in connection with an award of tax credits or other financing for the Project; and (b) upon reaching agreement on a particular form for each Lease Rider, to allow such Lease Rider, once executed, to be recorded against the fee interest in the Premises.

**4.20 FEDERAL CIVIL**

**RIGHTS COVENANTS:**

Ground Lease Tenant shall comply with all applicable Federal nondiscrimination requirements, including applicable sections of Title 49 of the Code of Federal Regulations.

**4.21 TRANSFERS,  
ASSIGNMENT,  
& SUBLETTING:**

Except for limited permitted exceptions to be set forth in the Ground Lease, Ground Lease Tenant shall not transfer, assign or sublet (except for the typical subleasing of the apartments and commercial space within the Project) its rights or obligations under the Ground Lease, or any beneficial interests in Ground Lease Tenant (each, a "**Transfer**");

- a. Prior to Completion of the Project; and
- b. After Completion of the Project, except in accordance with reasonable transfer criteria (including, without limitation, criteria regarding the creditworthiness and experience of any proposed transferee and its affiliates and applicable Federal and State approvals and provisions regarding debarment and suspension) to be negotiated by LACMTA and Ground Lease Tenant and included in the Ground Lease.

Notwithstanding the foregoing, the Ground Lease will allow Ground Lease Tenant to make certain **“Permitted Transfers”** without LACMTA's consent; provided that (a) Ground Lease Tenant is not in breach or default under the Ground Lease, (b) Ground Lease Tenant provides written notice to LACMTA of Ground Lease Tenant's intent to effectuate a Permitted Transfer in accordance with time frames set forth in the Ground Lease and with sufficient detail for LACMTA to reasonably determine that the intended Transfer is a Permitted Transfer, (c) Ground Lease Tenant provides written notice to LACMTA of the consummation of the Transfer in accordance with time frames set forth in the Ground Lease and with sufficient detail for LACMTA to reasonably determine that the Transfer was a Permitted Transfer, (d) the Permitted Transfer complies fully with all applicable provisions of the Ground Lease, (e) no Permitted Transfer shall release Ground Lease Tenant from any part of its obligations under the Ground Lease, except as expressly set forth in the Ground Lease, and (f) no such Permitted Transfer shall result in a Change of Control, except as expressly permitted in the Ground Lease. Subject to the conditions set forth in the previous sentence, Permitted Transfers shall include: (i) a transfer of the initial limited partnership interest in Ground Lease Tenant to an investor limited partner and the subsequent transfer of such investor's limited partnership interest in Ground Lease Tenant to another investor or an affiliate of Ground Lease Tenant (even if such transfer constitutes a Change of Control), (ii) the transfer of Ground Lease Tenant's interest to an affiliate of Ground Lease Tenant (which LACMTA and Ground Lease Tenant acknowledge could result in a Change of Control), and (iii) the replacement of Ground Lease Tenant's general partner for cause with an affiliate of the limited partner in accordance with the terms of Ground Lease Tenant's partnership agreement (which LACMTA and Ground Lease Tenant acknowledge will result in a Change of Control), provided that in each case such investor or affiliate meets certain transferee requirements set forth in the Ground Lease. **“Change of Control”** means (a) a change in the identity of the entity with the power to direct or cause the direction of the management and policies of Ground Lease Tenant, whether through the ownership of voting securities, by contract or otherwise, or (b) the transfer, directly or indirectly, of fifty percent (50%) or more of the beneficial ownership interest in Ground Lease Tenant. Notwithstanding the foregoing, the Ground Lease will authorize and preapprove the withdrawal of BRIDGE Housing Corporation (or its affiliated general partner) as a general partner of Ground Lease Tenant, upon the one year anniversary of the conversion of the Project's initial construction financing to permanent financing.

#### **4.22 RETAINED RIGHTS:**

LACMTA shall retain from the rights granted to Ground Lease Tenant under the Ground Lease certain rights as shall be further

described in detail in the Ground Lease, relating to the following: (1) the right to install, construct, inspect, operate, maintain repair, expand and replace Public Transit Facilities in, on, under, over, and adjacent to the Premises as LACMTA may deem necessary; (2) the right to use that portion of the Premises forming a portion of the Soto Station Plaza for LACMTA and public pedestrian ingress and egress; (3) the right to install, use, repair, maintain, and replace along the perimeter of the Premises abutting the Soto Station Plaza, public streets, sidewalks and/or rights-of-way (including, without limitation, on the exterior of the Project's buildings) (a) lighting, security cameras, and related conduit, cable, wiring and other appurtenances related to the Soto Station Plaza and the operation of the Metro L Line (formerly, the Metro Gold Line), (b) informational, directional and way-finding signs for the purpose of directing the public to, from and between LACMTA transit options and other public transit options in the area; provided, however, LACMTA shall not install any such signage, lighting, security cameras, conduit, cable, wiring or appurtenances on the Premises or the Project without Ground Lease Tenant's prior written approval, which shall not be unreasonably withheld, conditioned or delayed; (4) the right to enter upon and inspect the Premises, with reasonable notice to Ground Lease Tenant, and anytime during normal business hours for purposes of conducting normal and periodic inspections of the Premises and the Project and to confirm Ground Lease Tenant's compliance with the terms and conditions of the Ground Lease; and (5) all rights not explicitly granted to Ground Lease Tenant in the Ground Lease (the "**Retained Rights**"). The Retained Rights shall, among other things, ensure that the Premises remain available for the transit purposes originally authorized by the LACMTA's Federal and the State funding partners ("**LACMTA's Satisfactory Continuing Control Requirement**"). In exercising the Retained Rights, LACMTA shall use, good faith efforts to coordinate any construction, repair, maintenance or similar activities with Ground Lease Tenant so as to minimize the impact of such activities on each of Ground Lease Tenant's and Ground Lease Tenant's subtenants' usage of the Premises in accordance with the Ground Lease.

**4.23 ADDITIONAL MITIGATION MEASURES:**

In addition to the mitigation measures required by the City of Los Angeles pursuant to its CEQA review of the Project, Ground Lease Tenant shall perform the additional mitigation measures set forth on Exhibit 7 attached hereto during the Construction Period.

**4.24 COMMERCIAL SPACE LEASING:**

Ground Lease Tenant shall use commercially reasonable efforts to target community serving uses and/or local small businesses for the Project's commercial space.

#### 4.25 OTHER:

Other customary and relevant provisions contained in other recent LACMTA ground leases will be included in the Ground Lease, including, without limitation, (a) LACMTA's standard transit proximity risk waiver, assumption of risk and indemnity language related to the Project's proximity to rail and other transit operations and infrastructure and (b) provisions relating to insurance and indemnity.

### 5. LACMTA COSTS

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#### 5.1 LACMTA COSTS:

Developer and Ground Lease Tenant acknowledge and agree that LACMTA will incur certain actual costs (the "**LACMTA Costs**") related to (a) the design, development, planning, and construction of the Project (including costs related to construction methods and logistics) and (b) negotiation of the terms and conditions of the transactions contemplated under the JDA and the Ground Lease. The LACMTA Costs shall include, without limitation, the actual cost of in-house staff time (including LACMTA overhead and administrative costs) and third party consultation fees (including, but not limited to, fees related to legal counsel, consultants, engineers, architects, and advisors) for financial analyses, design review (including reviewing plans and specifications for the Project and engineering and other reports related to the Project), negotiations, appraisals, document preparation, services related to development, planning, engineering, construction safety, construction management, construction support, and construction logistics, oversight and inspection, and other reasonable services related to the Project and the transactions contemplated under the JDA and Ground Lease, but shall exclude the cost of LACMTA Joint Development staff, and LACMTA's in-house and outside legal counsel with respect to negotiation and preparation of the JDA, Ground Lease and related transaction documents.

#### 5.2 JDA DEPOSIT/ENA

##### DEPOSIT REDUCTION:

Developer shall provide a deposit to LACMTA under the JDA for LACMTA to apply to LACMTA Costs (whether accruing prior to or after the JDA Commencement Date) (the "**Deposit**"). On the JDA Commencement Date, Developer shall pay LACMTA an initial Deposit amount of \$25,000 and the parties shall execute an amendment to the ENA that will reduce the deposit required thereunder from \$50,000 to \$25,000, and will change the ENA's deposit replenishment requirement to require replenishment of the ENA deposit to \$25,000 (instead of \$50,000), whenever the balance reaches \$10,000 or less (instead of \$25,000 or less). Any unspent ENA deposit funds held by LACMTA at the time of JDA execution that are in excess of \$25,000 shall be applied towards the \$25,000 initial JDA's Deposit. In the event the JDA's Deposit is not fully utilized by LACMTA in connection with the Project during the term of the JDA, then to the extent the Ground Lease is

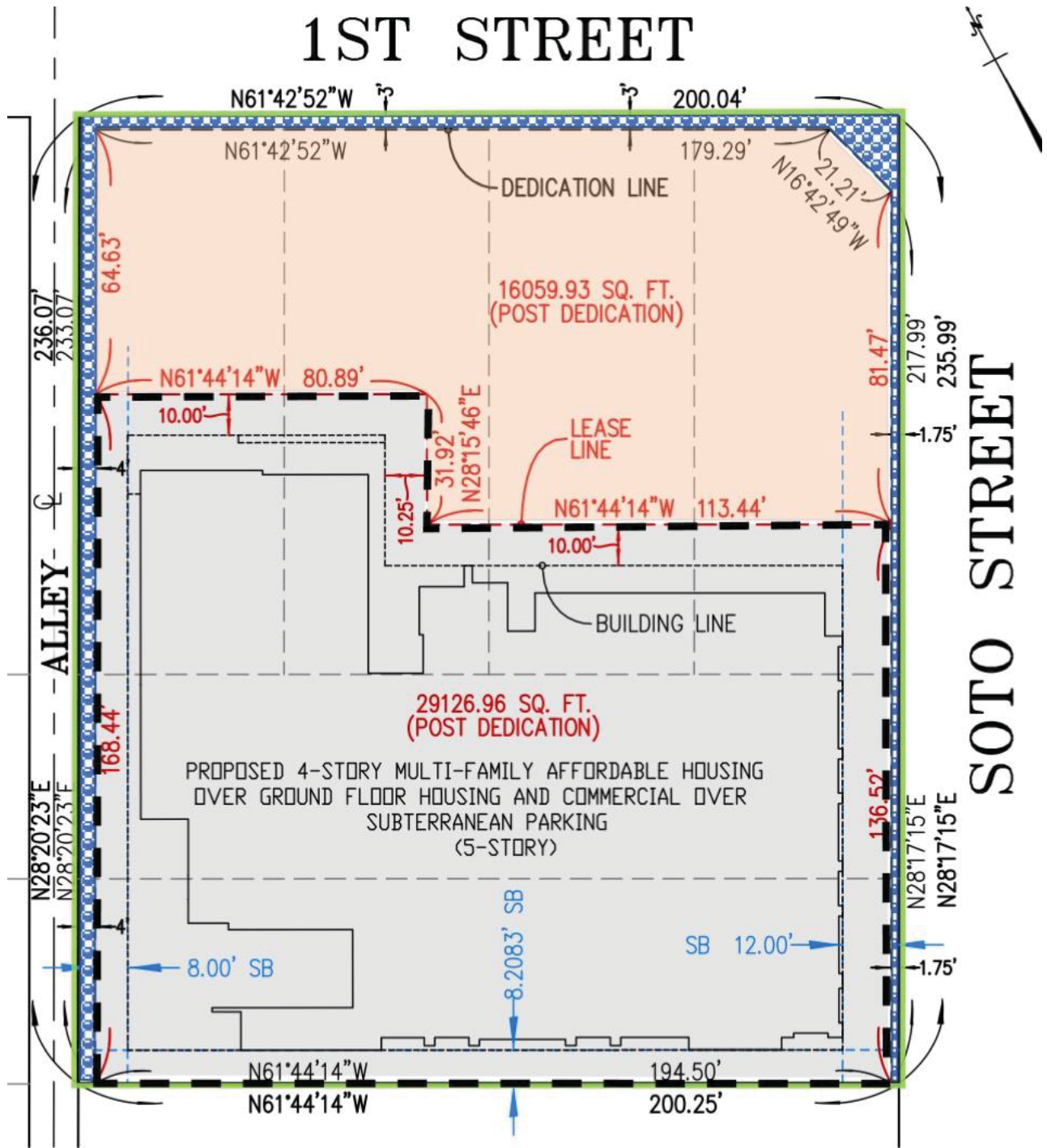
executed, any remaining balance will be applied toward the Deposit due under the Ground Lease pursuant to Section 5.3, otherwise the remaining balance will be returned to Developer. LACMTA staff will provide documentation of the LACMTA Costs under the JDA to Developer upon request, provided that the form of documentation is available to LACMTA and in its possession, in LACMTA's sole good faith determination. During the term of the JDA, whenever the JDA's Deposit balance reaches \$10,000 or less, Developer will replenish the JDA's Deposit to \$25,000, upon written notice from LACMTA. If Developer does not replenish the JDA's Deposit at the applicable times as set forth herein, LACMTA may decline to provide the services that are to be covered by such Deposit and/or terminate the JDA.

**5.3 GROUND LEASE DEPOSIT:** Ground Lease Tenant shall pay LACMTA an initial Deposit amount of \$50,000 under the Ground Lease on the Commencement Date to cover LACMTA Costs associated with the initial construction of the Project. To the extent that the such Deposit is not utilized by LACMTA in connection with the initial construction of the Project, any remaining balance will be returned to Ground Lease Tenant upon Completion of the Project. Ground Lease Tenant will provide LACMTA with additional Deposit funds under the Ground Lease, in an amount to be determined at the time, for LACMTA Costs accruing during the Ground Lease Term in connection with future Ground Lease Tenant improvements requiring LACMTA review/approval. During the Ground Lease Term, whenever the Ground Lease's Deposit balance related to the initial construction of the Project reaches \$10,000 or less, Ground Lease Tenant will replenish such Deposit to \$50,000, upon written notice from LACMTA. If Ground Lease Tenant does not replenish the Ground Lease's Deposit at the applicable times as set forth herein, LACMTA may decline to provide the services that are to be covered by such Deposit and/or terminate the Ground Lease.



Exhibit 1

# 1ST STREET



-  The LACMTA Property
-  The Premises
-  The Dedications
-  The LACMTA Transit Property

## Exhibit 2

### UNIT MIX

Apartment Type	Studio	1 BR	2BR	3BR	Total
Restricted to households earning up to 30% of AMI	-	2*	2	2	6*
Restricted to formerly homeless households earning up to 30% of AMI (with Project Based Vouchers)	13	7	-	-	20
Restricted to households earning up to 40% of AMI	-	4	6 <sup>+</sup>	7	17 <sup>+</sup>
Restricted to households earning up to 50% of AMI	-	3	6	6	15
Restricted to households earning up to 60% AMI		<u>2</u>	<u>2</u>	<u>1</u>	<u>5</u>
Unrestricted for Property Manager	-	-	<u>1</u>	-	<u>1</u>
<b>Total</b>	<b>13</b>	<b>18*</b>	<b>17<sup>+</sup></b>	<b>16</b>	<b>64**</b>

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\* The total number of one-bedroom apartments restricted to households earning up to 30% of AMI could be reduced to one (1), if Developer determines (and demonstrates to the reasonable satisfaction of LACMTA) that such reduction is necessary for the Project to be financially feasible. This would also reduce the total number of apartments restricted to households earning up to 30% of AMI to five (5), and the total number of one-bedroom apartments in the Project to seventeen (17), and would reduce the total number of apartments in the Project by one (1).

+ The total number of two-bedroom apartments restricted to households earning up to 40% of AMI could be reduced to five (5), if Developer determines (and demonstrates to the reasonable satisfaction of LACMTA) that such reduction is necessary for the Project to be financially feasible. This would also reduce the total number of apartments restricted to households earning up to 40% of AMI to sixteen (16) and the total number of two-bedroom apartments in the Project to sixteen (16) and would reduce the total number of apartments in the Project by one (1).

**Exhibit 3**

LIST OF PLANS AND SPECIFICATIONS COMPRISING  
THE  
ENTITLEMENT PACKAGE PLANS

Sheet number	Sheet name	Issue name	Issue date	Plot date
<b>GENERAL</b>				
G0.00	COVER SHEET	REVISED ENTITLEMENT SUBMITTAL	03/01/2019	None
G0.01	GENERAL PROJECT INFORMATION	REVISED ENTITLEMENT SUBMITTAL	03/01/2019	3/4/2019
G0.02	GENERAL PROJECT INFORMATION	REVISED ENTITLEMENT SUBMITTAL	03/01/2019	2/28/2019
G1.01	BUILDING CODE ANALYSIS – OPEN SPACE	REVISED ENTITLEMENT SUBMITTAL	03/01/2019	2/28/2019
G1.01A	SUPPLEMENTAL SECTIONS	REVISED ENTITLEMENT SUBMITTAL	03/01/2019	2/28/2019
G1.01B	SUPPLEMENTAL VIEWS	REVISED ENTITLEMENT SUBMITTAL	03/01/2019	2/28/2019
<b>CIVIL</b>				
C1.01	TITLE SHEET	100% DD	12/14/2018	None
C2.01	TYPICAL DETAILS	100% DD	12/14/2018	None
C3.01	DEMOLITION PLAN	100% DD	12/14/2018	None
C4.01	GRADING PLAN	100% DD	12/14/2018	None
C5.01	UTILITY PLAN	100% DD	12/14/2018	None
C6.01	EROSION CONTROL PLAN	100% DD	12/14/2018	None
<b>LANDSCAPE</b>				
L0.00	TITLE SHEET	100% DD	12/14/2018	12/14/2018
L1.00	MATERIAL & FURNISHING SCHEDULE	100% DD	12/14/2018	12/14/2018
L1.01	PLAZA PLAN	100% DD	12/14/2018	12/14/2018
L1.02	L1 PLAN	100% DD	12/14/2018	12/14/2018
L1.03	L5 PLAN	100% DD	12/14/2018	12/14/2018
L1.10	COURTYARD ENLARGEMENT PLAN	100% DD	12/14/2018	12/14/2018
L1.11	COURTYARD ENLARGEMENT PLAN	100% DD	12/14/2018	12/14/2018
L2.00	SECTIONS	100% DD	12/14/2018	12/14/2018

L2.01	SECTIONS	100% DD	12/14/2018	12/14/2018
L2.10	DETAILS	100% DD	12/14/2018	12/14/2018
L2.11	DETAILS	100% DD	12/14/2018	12/14/2018
L3.00	IRRIGATION LEGEND & NOTES	100% DD	12/14/2018	12/14/2018
L4.00	PLANTING SCHEDULE	100% DD	12/14/2018	12/14/2018
L4.01	PLAZA PLANTING PLAN	100% DD	12/14/2018	12/14/2018
L4.02	L1 PLANTING PLAN	100% DD	12/14/2018	12/14/2018
L4.03	L5 PLANTING PLAN	100% DD	12/14/2018	12/14/2018
<b>ARCHITECTURE</b>				
A1.01	SITE PLAN	REVISED ENTITLEMENT SUBMITTAL	03/01/2019	2/28/2019
A1.05	STREET IMPROVEMENT PLAN	REVISED ENTITLEMENT SET	03/01/2019	2/28/2019
A2.00	PARKING FLOOR PLAN	REVISED ENTITLEMENT SET	03/01/2019	2/28/2019
A2.10	FIRST FLOOR PLAN	REVISED ENTITLEMENT SET	03/01/2019	2/28/2019
A2.20	SECOND FLOOR PLAN	REVISED ENTITLEMENT SUBMITTAL	03/01/2019	2/28/2019
A2.30	THIRD FLOOR PLAN	REVISED ENTITLEMENT SUBMITTAL	03/01/2019	2/28/2019
A2.40	FOURTH FLOOR PLAN	REVISED ENTITLEMENT SUBMITTAL	03/01/2019	2/28/2019
A2.50	FIFTH FLOOR PLAN	REVISED ENTITLEMENT SUBMITTAL	03/01/2019	2/28/2019
A2.60	ROOF PLAN	REVISED ENTITLEMENT SUBMITTAL	03/01/2019	2/28/2019
A3.01	EXTERIOR ELEVATIONS	REVISED ENTITLEMENT SUBMITTAL	03/01/2019	2/28/2019
A3.02	EXTERIOR ELEVATIONS	REVISED ENTITLEMENT SUBMITTAL	03/01/2019	2/28/2019
A4.01	BUILDING SECTIONS	REVISED ENTITLEMENT SUBMITTAL	03/01/2019	2/28/2019
A4.02	BUILDING SECTIONS	REVISED ENTITLEMENT SUBMITTAL	03/01/2019	2/28/2019
A4.03	BUILDING SECTIONS	REVISED ENTITLEMENT SUBMITTAL	03/01/2019	2/28/2019
R1.01	NW PERSPECTIVE	REVISED ENTITLEMENT SUBMITTAL	03/01/2019	None
R1.02	NE PERSPECTIVE	REVISED ENTITLEMENT SUBMITTAL	03/01/2019	None

R1.03	SE PERSPECTIVE	REVISED ENTITLEMENT SUBMITTAL	03/01/2019	None
R1.04	S. PERSPECTIVE	REVISED ENTITLEMENT SUBMITTAL	03/01/2019	None
R1.05	E. PERSPECTIVE	REVISED ENTITLEMENT SUBMITTAL	03/01/2019	None

## Exhibit 4

### LIST OF PLANS AND SPECIFICATIONS COMPRISING THE CONSTRUCTION DOCUMENT PROGRESS PLANS AND THE SOTO STATION PLAZA CONCEPTUAL PLANS

#### Construction Document Progress Plans

- A. General Project Information – Backcheck set dated March 2020; Plot date 4/15/2020;
- B. Civil Plans – Backcheck set dated March 2020;
- C. Landscape Plans - Backcheck set dated March 2020; Plot date 10/10/2019;
- D. Architectural Plans - Backcheck set dated March 2020; Plot date 4/1/2020;
- E. Structural Plans – Plan Check Submittal set dated December 2019; Plot date 7/2/2020;
- F. Temporary Shoring Plans dated 4/10/2020;
- G. Mechanical Plans - Plan Check Submittal set dated December 2019; Plot date 2/25/2020;
- H. Plumbing Plans dated December 2019; Plot date 4/2/20;
- I. Electrical Plans - Plan Check Submittal set dated December 2019; Plot date 4/6/2020;
- J. Solar Hot Water Plans - Updated Background set dated 3/16/20;
- K. Exterior Building Maintenance Plans – Issued for Coordination set dated 11/21/2019;
- L. Methane Gas Control System Plans dated July 2020; and
- M. Project Manual – Los Lirios Mixed Use, dated 1/20/2020.

#### The Soto Station Plaza Conceptual Plans

Los Lirios Plaza Update plans dated 11/4/2020

## Exhibit 5

### OUTREACH PLAN

Except as set forth in the following sentence, Developer has completed its primary outreach for the Project, including its outreach to the LACMTA-established Boyle Heights Joint Development Design Review Advisory Committee (“**DRAC**”), and the BHNC Planning and Land Use Committee (“**BHNC PLUC**”), which included Project updates to the DRAC and the BHNC PLUC in December 2020. Developer will provide a project update to the Boyle Heights Neighborhood Council (“**BHNC**”) in the first quarter of 2021.

Further outreach will be completed pursuant to the City of Los Angeles’ Marketing Requirements included in Los Angeles City Ordinance Number 186701, which sets forth the City of Los Angeles’ final entitlement approvals for the Project. This outreach will include advertising in local and language-specific newspapers and other media, visible signage at the Project site and at a nearby lease-up office, as well as ELACC marketing emails and social media posts, in advance of lease-up of the Project’s income-restricted, affordable housing units. The purpose of this outreach is to notify the Boyle Heights community of application availability and deadlines, as well as provide guidance and assistance in securing applications via mail, in person, or the internet.

Starting at least three (3) months prior to Completion of the Project, Developer will start a marketing and outreach campaign to target and solicit local, community-based businesses and organizations that may be interested in leasing the Project’s 2,440 square foot commercial space.

Project updates will also be provided to the DRAC, BHNC PLUC and BHNC regarding substantial changes to the Project from that included in prior outreach efforts (if any).

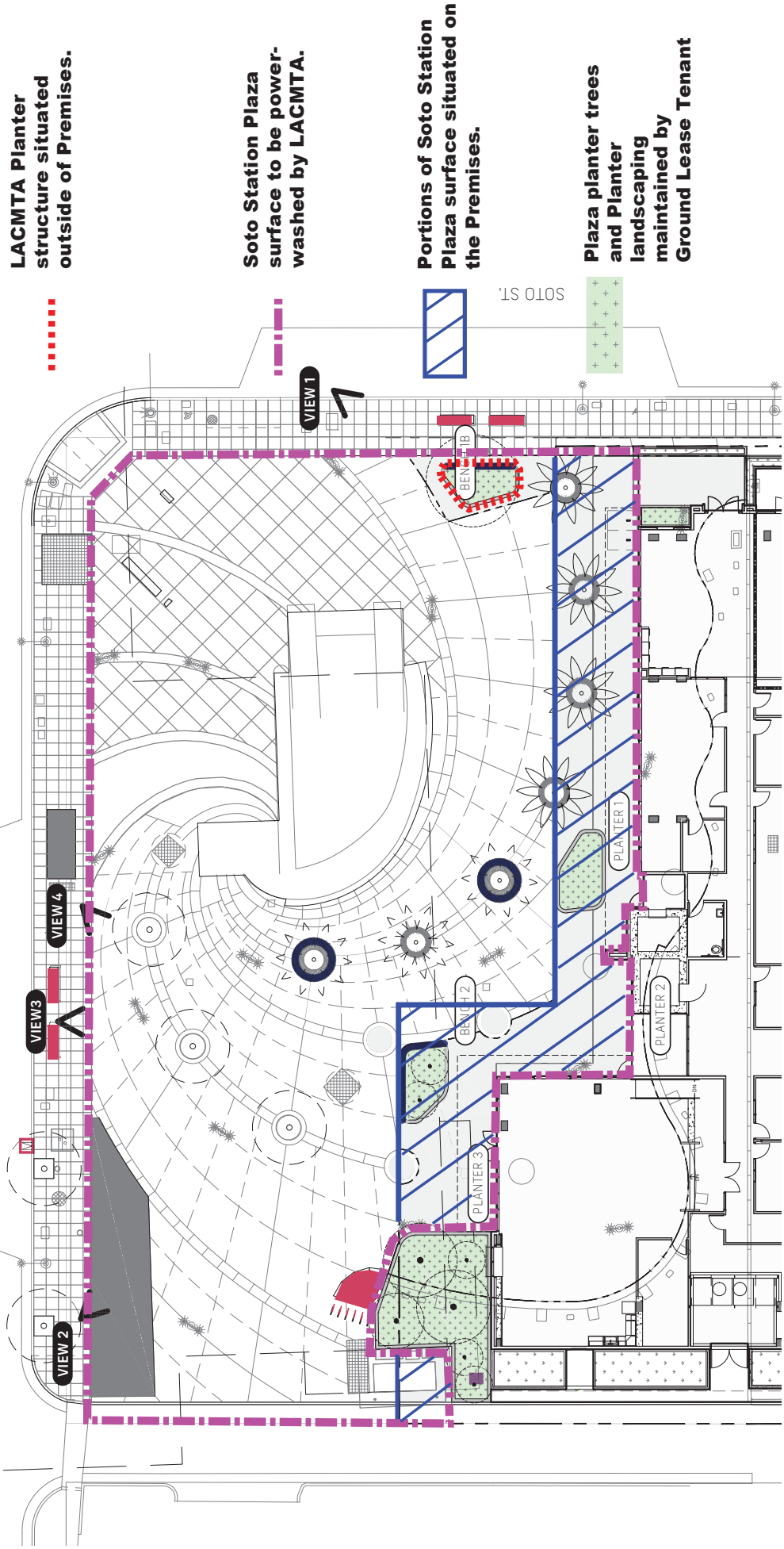
**Exhibit 6**

PLAT DETAILING CERTAIN SOTO STATION PLAZA MAINTENANCE RESPONSIBILITIES

(Attached)



1ST ST.



LACMTA Planter structure situated outside of Premises.

Soto Station Plaza surface to be power-washed by LACMTA.

Portions of Soto Station Plaza surface situated on the Premises.

Plaza planter trees and Planter landscaping maintained by Ground Lease Tenant

# PLAN

11/4/20

LOS LIRIOS  
SOTO ST.  
PLAZA DESIGN



## Exhibit 7

### ADDITIONAL MITIGATION MEASURES

LACMTA requires that the following mitigation measures be implemented by Ground Lease Tenant in addition to those specified in the Sustainable Communities Environmental Assessment prepared for the Project (City of Los Angeles Department of City Planning Case No. ENV-2019-2314-SCEA) (the “**SCEA**”):

1. Prior to any Project-related earth-moving activity, Ground Lease Tenant shall retain the services of a vertebrate paleontologist approved by the Natural History Museum of Los Angeles County Vertebrate Paleontology Section (the “**Approved Paleontologist**”) to manage a paleontologic resource impact mitigation program in support of any earth-moving activities associated with construction.
2. Ground Lease Tenant shall provide LACMTA with a report from the Approved Paleontologist that indicates such Approved Paleontologist’s determination whether construction of the Project has the potential, with respect to the soil on the Premises, to require excavation or blasting of parent material in older alluvium or in any younger alluvium lying below the uppermost five feet of such alluvium.
3. Where avoidance of parent material in older alluvium and in any younger alluvium lying below the uppermost five feet of such alluvium is not feasible, Ground Lease Tenant shall:
  - 3.1. Ensure that all on-site construction personnel receive Worker Education and Awareness Program (WEAP) training that (a) educates such personnel in the regulatory framework that provides for protection of paleontological resources, and (b) provides such personnel with a familiarity with the diagnostic characteristics of the materials with the potential to be encountered and the appropriate procedures to be implemented if fossil remains are uncovered by earth-moving activities.
  - 3.2. Ensure that the Approved Paleontologist prepares a Paleontological Resource Management Plan (“**PRMP**”) to guide the salvage, documentation and repository of representative samples of unique paleontological resources encountered during construction.
  - 3.3. Ensure that the Approved Paleontologist oversees the implementation of the PRMP, if unique paleontological resources are encountered during any excavation or blasting activities on the Premises.
  - 3.4. Monitor blasting and earth-moving activities in older alluvium and in any younger alluvium lying below the uppermost five feet of such alluvium using a qualified paleontologist or an archeologist that is cross-trained in paleontology (the “**Monitor**”) to determine if unique paleontological resources are encountered during any excavation or blasting activities, consistent with the Approved Paleontologist’s specified protocols or other comparable protocols.
  - 3.5. Ensure that the Monitor recovers fossil remains uncovered by earth-moving activities.
  - 3.6. Ensure that the Monitor records associated specimen/sample data (taxon, element) and corresponding geologic (stratigraphic rock unit, stratigraphic level, lithology) and

geographic site data (location, depth), and will plot site locations on maps of the study area.

- 3.7. Ensure that all identifiable fossil remains are fully treated and that such treatment includes preparation of the remains by a paleontologic technician to the point of identification; identification to the lowest taxonomic level possible by knowledgeable paleontologists; curating and cataloguing the remains, plotting fossil site locations on maps of the study area, and entry of associated specimen data and corresponding geologic and geographic site data into appropriate computerized data bases by the technician; placement of the remains in the appropriate museum repository fossil collection for permanent storage and maintenance; and archiving of all associated data at the appropriate museum repository, where the data, along with the fossil remains, will be made available for future study by qualified scientific investigators. (Vertebrate and invertebrate fossil remains will be placed in the Natural History Museum of Los Angeles County's Vertebrate Paleontology and Invertebrate Paleontology Sections, respectively. Fossil plant remains will be placed in the University of California Museum of Paleontology.)
- 3.8. Ensure that the Approved Paleontologist prepares a comprehensive final report of results and findings that describes study area geology/stratigraphy, summarizes field and laboratory methods used, includes a faunal list and an inventory of curated/catalogued fossil remains, evaluates the scientific importance of the remains, and discusses the relationship of any newly recorded fossil site in the study area to relevant fossil sites previously recorded from other areas.
4. Prior to commencement of any construction, Ground Lease Tenant shall retain a qualified archaeologist meeting the Secretary of Interior's Professional Qualifications Standards for archaeology to (a) prepare a Cultural Resources Monitoring and Treatment Plan for known and unknown resources that are eligible or potentially eligible for the California Register or are unique archaeological resources; (b) oversee any archaeological monitors proposed in the plan; and (c) implement RCM CUL-1 as set forth in the SCEA.