

ATTACHMENT B

**Non-Binding Summary of Key Terms and Conditions
for
Joint Development Agreement and Ground Lease

Expo/Crenshaw Joint Development Project of

LACMTA Property**

Dated: _____

This Non-Binding 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**,” “**Lessor**” or “**Agency**”), as lessor, and Expo Crenshaw Apartments, LP, a Delaware limited partnership (“**Developer**”). Each of Lessor and the Developer are occasionally referred to herein as a “**Party**” and collectively as the “**Parties**.”

Developer intends to develop certain real property owned by Lessor, which is located at the intersection of Crenshaw and Exposition Boulevards, adjacent to the LACMTA Expo/Crenshaw light rail station in the City of Los Angeles (“**Expo/Crenshaw Station**”), with a mixed-use development project (the “**Project**”), as more particularly described in Section 1.4. The purpose and intent of this Term Sheet is to set forth the general terms and conditions pursuant to which the Parties would consider entering into a proposed Joint Development Agreement (“**JDA**”) and, upon satisfaction of certain conditions precedent set forth in the JDA, ground lease (the “**Ground Lease**”), which will set forth the terms and conditions for the development of the Premises (as defined in Section 1.2) with the Project.

Because this Term Sheet (i) is not intended by any Party to be binding, (ii) does not contain all of the terms and conditions needed to create a binding contract with regard to the JDA or the Ground Lease, (iii) has not been approved by either LACMTA’s Board of Directors (“**LACMTA Board**”), which approval is required under law prior to the execution of either the JDA or Ground Lease, and (iv) LACMTA’s Board has not completed all required review and made any required determinations in compliance with the California Environmental Quality Act, Public Resources Section 21000 *et seq.* (“**CEQA**”), this Term Sheet shall be nonbinding. Without limitation of the foregoing, except as set forth in the immediately following paragraph, nothing in this Term Sheet shall constitute a covenant or representation by any Party or obligate any Party to negotiate with any other Party concerning any matter contemplated by this Term Sheet or otherwise.

**ARTICLE 1.
GENERAL DESCRIPTION**

1.1 DEVELOPER:

1.1.1 Developer is a Delaware limited partnership that consists of the following: (a) Expo Crenshaw GP, LLC, a Delaware limited liability company, which is a joint venture entity comprised of affiliates of The Richman Group of California Development Company LLC, a California limited liability company (“**Richman**”) and Watt Companies, LLC, a California limited liability company (“**Watt**”), acting as the administrative general partner; (b) La Cienega LOMOD, Inc., a California nonprofit public benefit corporation (an affiliate of the Housing Authority of the City of Los Angeles), acting as the managing general partner; (c) West Angeles Villas LLC, a California limited liability

company, which is an affiliate of West Angeles Community Development Corporation, a California limited liability company, as a co-general partner; and (d) Richman, as the initial limited partner.

1.1.2 Developer shall be permitted, upon prior approval by LACMTA to assign its right, title, and interests in and under the JDA, including the right to enter into a Ground Lease with Lessor for the development and construction of the Project, to an Affiliate. As used herein, an “**Affiliate**” is an entity formed and Controlled (as defined in Section 6.7.4) by Developer for the development and construction of the Project (as defined in Section 1.4.1).

1.2 **DEVELOPMENT SITE:** LACMTA is the fee owner of approximately 98,000 square feet of real property that is adjacent to the Expo/Crenshaw Station on the southeast corner of Exposition and Crenshaw Boulevards in the City of Los Angeles, commonly known as 3630 S. Crenshaw Boulevard, 3642 S. Crenshaw Boulevard, 3510 W. Exposition Boulevard, 3505 W. Obama Boulevard, and 3635 S. Bronson Avenue, as depicted on Exhibit A (the “**LACMTA Property**”).

The portions of the LACMTA Property to be leased by the Developer are referred to herein as the “Premises” and depicted in Exhibit B.

1.3 **DEDICATIONS:** Lessor will consider any dedications and grants of Lessor real property rights 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, subject to acceptable compensation to the Agency. Dedications and grants approved by Lessor shall be referred to herein as “**Dedications.**”

1.4 **PROPOSED PROJECT:**

1.4.1 Project. The proposed Project will be constructed at Developer’s sole cost and expense (except that Lessor shall bear its own costs and expenses in connection with its oversight functions related to the Project and negotiation and drafting of the JDA, Ground Lease and related documents, to the extent not constituting reimbursable Agency Transaction Costs (defined in Section 7.1)), and shall satisfy the following:

1.4.1.1 include an affordable housing project that satisfies the requirements of Section 54234(a)(3) of the California Government Code and includes approximately one hundred seventy-six (176) residential for-rent units, all of which shall, for the entire Ground Lease Term (as defined in Section 4.5), (a) be reserved for households earning between thirty percent (30%) of Area Median Income as defined by the U.S. Department of Housing and Urban Development for the Los Angeles-Long Beach Metropolitan Statistical Area (“**AMI**”) and eighty percent (80%) of AMI, with at least fifteen percent (15%) of the units being reserved for households earning thirty percent (30%) of AMI, and (b) be rented to such households at an affordable rent, as defined in Section 50053 of the California Health and Safety Code (“**Affordable Housing Project**”);

1.4.1.2 include commercial ground floor retail space (the “**Commercial Project**”), which may include space in the Project that is subleased for businesses that provide goods or services essential to the daily needs of residents within the Project or within a 1-mile radius of the Premises. Such uses may include, but are not limited to, grocery stores, pharmacies, restaurants, cafés, barbershops, hair salons, childcare facilities, and other similar neighborhood-serving businesses, as determined by LACMTA;

1.4.1.3 include approximately two hundred thirty (230) vehicle parking spaces serving the Project), with nine (9) vehicle spaces reserved for LACMTA’s exclusive use;

and 1.4.1.4 include approximately one hundred sixty (160) bicycle parking spaces;

1.4.1.5 be constructed to LEED Silver Standard or its equivalent.

ARTICLE 2. GENERAL CONDITIONS

2.1 FEDERAL TRANSIT ADMINISTRATION APPROVAL:

2.1.1 The LACMTA Property was acquired by LACMTA using Federal Transit Administration (“**FTA**”) funds, and the K Line and Expo/Crenshaw Station were constructed using similar funding sources. Therefore, the construction and operation of the Project, and the Ground Lease transaction, Dedications and other development-related matters contemplated in this Term Sheet are subject to funding source approvals (collectively, “**Funding Approvals**”):

2.1.1.1 applicable ~~FTA~~-approval/concurrence; and

2.1.1.2 LACMTA confirmation that such actions will not violate any bond funding related requirements or restrictions imposed on LACMTA, the LACMTA Property or the K Line;

2.1.2 LACMTA will seek the required Funding Approvals as soon as possible.

2.2 DEVELOPMENT ENTITLEMENTS AND OTHER LEGAL REQUIREMENTS:

2.2.1 Developer has, or prior to execution of the Ground Lease for the Project will have, at its sole cost and expense (except that Lessor shall bear its own costs and expenses in connection with the negotiation and drafting of the JDA, Ground Lease and related documents, to the extent not constituting reimbursable Agency Transaction Costs) obtained all required entitlements for the Project, including adoption of CEQA findings, and shall comply with all applicable requirements of the the applicable governmental body having or asserting the jurisdiction to grant such entitlements “**Entitling Agency**,” as well as any other applicable legal requirements related to or required for the development, construction and operation of the Project, including, but not limited to, compliance with County of Los Angeles Local and Targeted Worker Hire Policy (see Attachment C of the LACMTA and County jointly issued Request for Proposals No. PS37025 issued on January 10, 2017). Prior to entering into the JDA, any Ground Lease or any other transaction documents, the LACMTA Board will need to make the requisite findings as a responsible agency (or lead agency, as applicable) pursuant to CEQA requirements.

2.2.2 Developer intends to process an air rights subdivision of the Premises, pursuant to which the Affordable Housing Project will be located on one or more separate legal parcels (collectively, the “**Affordable Parcel**”) and the Commercial Project will be located on one or more separate legal parcels (collectively, the “**Commercial Parcel**”). The Commercial Parcel will contain the parking structure to be constructed as part of the Project and all of the retail space in the Project.

2.2.2.1 Developer shall have the right, upon prior approval by LACMTA to assign to an Affiliate, all of Developer’s rights, title, and interests in and under the JDA with respect to the Commercial Parcel, which entity shall own the leasehold rights to the Commercial Parcel once a Ground Lease for the Commercial Parcel is executed (the “**Commercial Project Owner**”). If requested by Developer, LACMTA shall enter into a separate Ground Lease with respect to any Commercial Parcel, which Ground Lease terms and conditions shall be consistent with the terms and conditions applicable to a Ground Lease, as set forth in this Term Sheet.

2.2.2.2 Prior to completion of construction of the Project, a final map (the “**Final Map**”) will be recorded against the Premises.

2.2.2.3 In addition, concurrent with recordation of the Final Map, a reciprocal easement agreement (the “**REA**”) will be recorded against the Premises. The REA will set forth the rights and responsibilities of the Developer and Commercial Project Owner, including, among other matters, (a) Developer’s obligation to pay for its pro rata share of the cost of developing and operating the common areas in the Project, (b) the Commercial Project Owner’s obligation to pay its pro rata share of the cost of developing and operating the common areas in the Project, and (c) the Commercial Project Owner’s obligation to maintain the common areas and common building systems within the Project in accordance with the terms of the REA.

2.3 **AS-IS CONDITION:** Developer acknowledges and agrees that it shall accept the Premises “as is,” solely in reliance upon Developer’s own investigation, inspection, and research, and that no representations or warranties of any kind whatsoever, express or implied, have been made by LACMTA. Any information provided or disclosure made by LACMTA to Developer shall not constitute a representation or warranty regarding the condition or title to the Premises. Furthermore, Developer shall assume the cost and expense for the removal of any contaminated materials, toxic or hazardous substances, and asbestos on the Premises.

2.4 **SITE REMEDIATION:** Developer shall perform any required remediation or abatement deemed necessary in accordance with environmental and soils studies to be performed, if any.

2.5 **COMPLIANCE WITH LAWS:** During the term of the JDA and Ground Lease, Developer and Ground Lessee (as defined in [Section 4.1](#)), 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 Lessor’s performance of its obligations and adherence to the terms and conditions of the JDA, Lessor 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 Lessor 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.

2.6 **SUPERSEDURE:** 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 dated as of October 15, 2018, as amended by that certain Amendment No. 1 thereto dated as of December 13, 2019, that certain Amendment No. 2 thereto dated as of December 10, 2020, that certain Amendment No. 3 thereto dated as of April 13, 2021, that certain Amendment No. 4 thereto dated as of April 15, 2022, that certain Amendment No. 5 thereto dated as of March 7, 2023, and that certain Amendment No. 6 thereto dated as of March 15, 2024 (collectively, the “**ENA**”), shall remain in full force and effect and be unchanged by this Term Sheet.

ARTICLE 3. KEY JDA TERMS

3.1 **JDA - GENERALLY:** After (a) the LACMTA Board has approved and Developer has accepted this Term Sheet, (b) Developer has met all CEQA requirements for the Project (as further described below in the Closing Conditions), and (c) the LACMTA Board has made the requisite findings as a responsible agency (or lead agency, as applicable) pursuant to the CEQA requirements for the

Project, then LACMTA and Developer will enter into a JDA (concerning the LACMTA Property), which JDA will contain terms and conditions that are substantially consistent with those set forth in this Term Sheet, subject to any modifications as directed by Lessor's Board and agreed to by Developer. The JDA will address matters between Developer and Lessor regarding the Project and the Premises during the JDA Term (defined in Section 3.3).

3.2 **ESCROW:** Within fifteen (15) days after the JDA Effective Date (defined in Section 3.3), Developer and Lessor shall enter into an escrow ("**Escrow**") with Kim Hernandez, Senior/ Commercial Escrow Officer, Commonwealth Land Title Company, 4400 MacArthur Blvd, Suite 880, Newport Beach, CA 92660 ("**Escrow Holder**" or "**Title Company**") to complete the Ground Lease transaction contemplated in the JDA. Unless requested by Escrow Holder or Title Company, Developer shall not be obligated to deliver any deposit or other amounts to Escrow Holder in connection with the opening of Escrow.

3.3 **JDA TERM:** The JDA shall be effective upon execution by LACMTA and Developer (the "**JDA Effective Date**") and continue for a period of three (3) years (the "**JDA Initial Term**"); provided, however, LACMTA shall have the option, in its discretion, after request for an extension by Developer to extend the JDA Initial Term for two (2) additional terms of one (1) year (as may be extended, the "**JDA Term**"), but in no event shall the term of the JDA exceed a maximum period of five (5) years. During the JDA Term, Lessor and Developer will endeavor to satisfy the conditions precedent to execution of the Ground Lease as set forth in the JDA, as more particularly described below (the "**Closing Conditions**"), and terminate upon the Closing (defined in Section 3.5).

3.4 **JDA CONSIDERATION / HOLDING RENT:** As consideration for the rights granted to Developer during the JDA Term, commencing with the JDA Effective Date and continuing throughout the JDA Term, Developer shall pay a non-refundable holding rent for the Ground Lease as set forth in this Section 3.4. Notwithstanding the foregoing, payment of such Holding Rent applicable to the Ground Lease shall be deferred by Developer until the later of (a) the expiration of the applicable JDA Term, or (b) the commencement of applicable Ground Lease. All Holding Rent due to Lessor shall be non-refundable, but all Holding Rent received by LACMTA shall be applied at Closing as a credit to the Annual Minimum Rent due under the Ground Lease, in the event the Ground Lease is executed by the Developer and LACMTA.

During the JDA Term, Developer shall pay LACMTA a monthly holding rent in the amount of three thousand five hundred and thirty dollars (\$3,530.00) (the "**Holding Rent**").

3.5 **CONDITIONS TO CLOSING:** During the JDA Term, Lessor and Developer shall work in good faith to satisfy certain conditions precedent to execution of the Ground Lease for the Project that shall be set forth in the JDA (the "**Closing Conditions**"). When all of the Closing Conditions for the Project have been satisfied (or waived by the applicable party) and when Developer has assigned to the applicable Ground Lessee all of Developer's right under the JDA to enter into the applicable Ground Lease, then such Ground Lessee and Lessor will enter into the Ground Lease. The closing for the Ground Lease (the "**Closing**") will occur when the Closing Conditions have been satisfied or waived by the applicable party, and Developer and the Lessor have entered into the Ground Lease for the Project and other transaction documents necessary to complete the Closing as contemplated in the JDA (the "**Closing Documents**"). The Closing Conditions will require, among other things, that:

3.5.1 No default by Developer under the JDA or by any Ground Lessee under any Ground Lease for the Project shall have occurred (and be continuing), and no representation or warranty made by Developer under the JDA or by any Ground Lessee under any Ground Lease for the Project shall be false;

3.5.2 Developer shall have delivered commitments for financing sufficient to fund the construction and operation of the Project;

3.5.3 Developer shall have delivered to Lessor evidence and assurances demonstrating that Developer has the financial resources in place to design, construct and operate the Project;

3.5.4 Developer shall have applied for and received all governmental approvals necessary (including LACMTA, County, and Entitling Agency approvals, as applicable) for the development, construction, and operation of the Project (including Lessor approval of the Final Construction Documents for the Project (defined in Section 3.6.6));

3.5.5 Developer shall have received all approvals/certifications in accordance with CEQA of all CEQA documents for the Project from the applicable governmental authorities, and all applicable statutes of limitation have run without a lawsuit having been timely filed or, if such a lawsuit has been filed, then such lawsuit has been finally adjudicated or dismissed with prejudice, upholding such approvals/certifications;

3.5.6 Developer shall have received a “ready to issue” letter from the Entitling Agency for all building permits necessary for the construction of the Project;

3.5.7 Developer and Lessor shall have executed and delivered all of their respective Closing Documents to Escrow;

3.5.8 Developer shall have provided Lessor with payment and performance bonds or a completion guaranty guaranteeing and securing Completion for the Project (defined in Section 5.1.1.1), each in a form as required by Developer’s construction lender and the Lessor;

3.5.9 Developer shall have received all Funding Approvals;

3.5.10 Title Company shall be irrevocably and unconditionally committed to issue in favor of Developer an ALTA extended coverage policy of title insurance, insuring Ground Lessee’s interest under the applicable Ground Lease, in the form of a pro forma title insurance policy (including endorsements thereto) showing no exceptions other than (1) any current levy or tax not yet due and (2) such exceptions as were reviewed and approved by Developer prior to entering into the JDA, dated as of the date of recordation of a memorandum in the official records of Los Angeles County, California providing notice of the existence of such Ground Lease;

3.5.11 Lessor shall not be in material default (beyond any applicable cure period) of any of its obligations under the JDA, nor shall any material representation made by Lessor under the JDA be false; and

3.5.12 Lessor shall be prepared to proceed to Closing under the JDA.

3.6 JDA DESIGN REVIEW:

3.6.1 It is contemplated that Developer will have completed design drawings and construction drawings for the Project at the time the Ground Lease is executed.

3.6.2 Prior to the execution of the Ground Lease, Lessor will review, and have the right to approve changes to the design of the Project, including:

3.6.2.1 the exteriors and massing of the Project;

3.6.2.2 any design elements of the Project that materially adversely affect (1) the transit-related operations of LACMTA, (2) Lessor's exercise of its Retained Rights (defined in Section 6.8.3), (3) public health and safety, (4) the Lessor Retained Area (defined in Section 4.4), any public transit facilities on the Premises and the access to or from the same, and (5) the lateral and subjacent support to the Lessor Retained Area, any public transit facilities and any area providing support necessary for Lessor to exercise its Retained Rights; and

3.6.2.3 as applicable, any LACMTA improvements that are developed by Developer in connection with the Project, including, but not limited to, any public open space, or connections to LACMTA transit facilities.

The items in sections 3.5.2.1 and 3.5.2.2 are referred to as the “**Agency Development-Related Concerns**.”

3.6.3 LACMTA's approval of Project plans that are not related to Agency Development-Related Concerns will be at LACMTA's reasonable discretion, except to the extent that the design of the Project depicted, described and specified on such plans does not represent a logical evolution of the design depicted, described and specified on plans approved by Lessor at the preceding level of design development (a “**Logical Evolution**”).

3.6.4 Approval of Project plans that are related to Agency Development-Related Concerns or are not a Logical Evolution will be at Lessor's sole and absolute discretion.

3.6.5 Lessor's design approval rights as set forth herein are, in part, intended to ensure that the Project meets Lessor's public serving responsibilities, priorities and imperatives, and/or other obligations required by statute or pre-existing funding requirements, including but not limited to, LACMTA's Satisfactory Continuing Control Requirement (defined in Section 6.8.1.5).

3.6.6 Except as otherwise approved in writing by LACMTA, Developer shall not proceed with preparation of (a) the Project Design Development Drawings until it has received LACMTA's written approval of the Project's Schematic Design Drawings, or (b) the Project Final Construction Documents, until it has received LACMTA's written approval of the Project's Design Development Drawings and Schematic Design Drawings. The term “**Final Construction Documents**” shall mean the final plans and specifications required by the Entitling Agency for the issuance of all building permits with respect to construction for the Project, and containing details as would be reasonably necessary to allow Lessor to assess all impacts of such proposed construction in accordance with Lessor's rights under the Ground Lease for the Project.

3.7 **JDA/GROUND LEASE CLOSING:**

3.7.1 At the Closing for the Project, Lessor will lease Premises to the Ground Lessee, subject to the Retained Rights, in exchange for the rental payments described in Section 5.4 below to be paid under the Ground Lease.

3.8 **TRANSFERS, ASSIGNMENT AND SUBLETTING:**

Except (a) for a one-time transfer by Developer to the Ground Lessee immediately prior to the execution of the Ground Lease and (b) as otherwise approved in writing by Lessor in its sole and absolute

discretion, Developer shall not transfer or assign its rights or obligations under the JDA or any portion thereof.

ARTICLE 4. KEY GROUND LEASE TERMS:

4.1 GROUND LESSEE: Developer (“**Ground Lessee**”).

4.2 GROUND LEASE – GENERALLY:

4.2.1 At the Closing for the Project, Lessor, as ground lessor, and Ground Lessee, as ground lessee, will enter into a ground lease with respect to the Premises (the “**Ground Lease**”), which will provide for the construction and operation of the Project. The Ground Lease will contain 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, and agreed to by Developer.

4.2.2 During the course of construction of the Project, Ground Lessee will act as the sole lessee of the Premises and will undertake the construction and development of the Project.

4.2.3 Except for non-delinquent property taxes and assessments, any liens or encumbrances that do not affect Developer’s leasehold interest in the Premises and any liens or encumbrances caused by Developer or Ground Lessee, Lessor shall cause the release of any monetary liens and encumbrances placed on the Premises.

4.3 UNSUBORDINATED GROUND LEASE:

4.3.1 Lessor’s interests under the Ground Lease (including but not limited to, as to the LACMTA Property, the FTA’s interest as a provider of funds for such property’s initial acquisition and LACMTA’s Retained Rights) shall be subordinated to any interest that Ground Lessee or its lenders or investors will have in the Premises.

4.3.2 The Ground Lease shall contain customary (a) leasehold financing lender protection provisions (including, without limitation, the right of lenders to a separate agreement granting them a right to a new lease in the event of a termination of the Ground Lease under certain conditions, as approved by LACMTA at its sole and absolute discretion) and (b) subtenant non-disturbance provisions. Lessor will reasonably cooperate with Ground Lessee in entering into a customary Lease Rider in the form required by the California Tax Credit Allocation Committee (“**CTCAC**”).

4.4 GROUND LEASE PREMISES: The Premises will consist of the property necessary for the development of the Project, less any Dedications and portions of the LACMTA Property that, prior to Closing, become unavailable for development because they are retained by Lessor (the “**Lessor Retained Area**”).

4.5 GROUND LEASE TERM; COMMENCEMENT OF AFFORDABLE HOUSING PROJECT LEASING: The Ground Lease will commence on the date of the Closing in accordance with the terms of the JDA (such date being the “**Commencement Date**”). The term of the Ground Lease will be seventy-five (75) or such longer term as may be required to satisfy the tax and underwriting analysis of the tax credit investor (the “**Ground Lease Term**”), expiring on the day immediately prior to the seventy-fifth (75th) anniversary of the Commencement Date (or such longer period as may be required to satisfy the tax and underwriting analysis of the tax credit investor) (the “**Expiration Date**”). The Project shall include an affordable for-rent residential component, referred to herein as the Affordable Housing Project,

which shall be maintained for the entire Ground Lease Term beyond the expiration of any affordable housing covenants. Ground Lessee shall notify Lessor prior to leasing any portion of the Affordable Housing Project.

ARTICLE 5.
GROUND LEASE ANNUAL MINIMUM RENT, FIXED PERCENTAGE
GROUND RENT & OTHER COMPENSATION

5.1 **CONSTRUCTION PERIOD:** The construction period for the Ground Lease (“**Construction Period**”) will commence on the respective Commencement Date and terminate upon the earlier of (the “**Construction Period Termination Date**”):

5.1.1.1 completion of construction of the Project improvements as described in the respective Ground Lease (i.e., as a proxy, the date Ground Lessee obtains a temporary certificate of occupancy for substantially all of the Project improvements described in the Ground Lease) (“**Completion**”); or

5.1.1.2 the day preceding the second (2nd) anniversary of the respective Commencement Date, subject to extensions for force majeure events (as defined in the Ground Lease).

5.2 **CONSTRUCTION PERIOD:** The Ground Lease will require commencement of construction within thirty (30) days after Ground Lessee obtains a building permit for the work to be performed on the Premises, subject to extensions for force majeure events (as defined in the Ground Lease).

5.3 **NET LEASE:** The parties acknowledge that the rent to be paid by Ground Lessee under the Ground Lease is intended to be absolutely net to Lessor. Ground Lessee shall be responsible for all capital costs and operating expenses attributable to the operation and maintenance of the Premises, including all taxes and assessments levied upon any interest in the Ground Lease. Ground Lessee is aware that the Premises is also subject to possessory interest taxes, which shall be paid by Ground Lessee.

5.4 **RENTAL PAYMENTS:**

5.4.1 Affordable Housing Project: Ground Lessee shall pay Lessor an annual ground rent equal to the amount that is ten percent (10%) of Residual Receipts generated by the Affordable Housing Project (the “**Base Ground Rent**”). The term “**Residual Receipts**” shall mean the net operating income remaining after payment of operating expenses, partner asset management fees or partnership management fees, non-contingent debt service, deferred developer fee, tax credit adjuster payments and repayment of partner loans pursuant to the Ground Lessee entity partnership agreement approved by LACMTA at closing, and funding of required reserves). In addition to the annual Base Ground Rent, on the Commencement Date for the Ground Lease for the Affordable Housing Project, Ground Lessee shall make a capitalized payment of one million dollars (\$1,000,000) (the “**Capitalized Rent Payment**”). Notwithstanding anything to the contrary contained herein, in no event shall the aggregate amount of the Base Ground Rent, Capitalized Rent Payment and the Net Proceeds Payment paid during the term of the Ground Lease for the Affordable Housing Project exceed the total appraised fair market value of the Premises upon which the Project will be constructed, adjusted to eight million four hundred and seventy-five thousand dollars (\$8,475,000) based on impacts associated with development of affordable housing and other LACMTA requirements (the “**Total Adjusted AFMV**”), as agreed to by the parties prior to the JDA Effective Date.

5.4.2 **Commercial Project.** Ground Lessee shall pay LACMTA percentage rent in an amount equal to fifteen percent (15%) of all Net Rent paid or credited to Ground Lessee for commercial uses of the Project or Premises (“Commercial Percentage Rent”). For purposes of this section, “**Net Rent**” shall mean Gross Rent actually received by Ground Lessee, less reasonable and customary leasing commissions, any tenant improvement allowances, and operating expenses paid by Ground Lessee for the applicable commercial space; “**Gross Rent**” shall mean (a) rent paid or credited to Ground Lessee pursuant to a sublease for commercial uses of the Project or Premises; and (b) any fees or charges that are incidental or otherwise related to a commercial subtenant’s occupancy. Commercial Percentage Rent shall be calculated on a calendar year basis and shall be due to LACMTA from Ground Lessee annually, in arrears, on March 30 of each calendar year following the subject calendar year, with a full accounting of the amount due. Notwithstanding the foregoing, no Commercial Percentage Rent shall be due for the portion of the Premises used for Community Serving Retail. The term “**Community Serving Retail**” shall mean space in the Project that is subleased for businesses that provide goods or services essential to the daily needs of residents within the Project or within a 1-mile radius of the Premises. Such uses may include, but are not limited to, grocery stores, pharmacies, restaurants, cafés, barbershops, hair salons, childcare facilities, and other similar neighborhood-serving businesses, as determined by LACMTA.

5.5 **SALE/REFINANCING PROCEEDS:** Upon a Refinancing (defined below) of the Project, or of the Project, Ground Lessee shall pay Lessor an amount equal to twenty percent (20%) of all Refinancing Net Proceeds (defined below), unless prohibited by other public funding, received by Ground Lessee in connection with such Refinancing (“**Net Refinancing Payment**”). Upon a Sale (defined below) of the Project, Ground Lessee shall pay Lessor twenty percent (20%) of all Sale Net Proceeds (defined below), unless prohibited by other public funding, received by Ground Lessee in connection with such Sale (the “**Net Sale Payment**” and together with the Net Refinancing Payment, the “**Net Proceeds Payment**”). Notwithstanding the foregoing, in no event shall the Net Proceeds Payment, when combined with the aggregate amount of Base Ground Rent payments previously paid plus the Capitalized Rent Payment, exceed the Total Adjusted AFMV. Lessor shall have audit rights to verify the calculation of Refinancing Net Proceeds and Sale Net Proceeds.

5.5.1 “**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 Lessee, and/or Ground Lessee’s leasehold interest under the Ground Lease.

5.5.2 “**Refinancing Net Proceeds**” means with respect to each Refinancing, the gross principal amount of the Refinancing, less (a) the amount of any then-existing secured or unsecured debt incurred by Ground Lessee in connection with the Premises, the Project, Ground Lessee, and/or Ground Lessee’s leasehold interest under the Ground Lease that is satisfied out of the Refinancing proceeds, (b) amounts to be used by Ground Lessee to make repairs or capital improvements to the Project within twenty four (24) months after the closing date of the Refinancing, (c) amounts paid to the tax credit investor in Ground Lessee (the “**Investor Limited Partner**”) in connection with any purchase option and right of first refusal, and (d) the following transaction costs and expenses paid by Ground Lessee to any non-affiliate of Ground Lessee 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 payment in full of any deferred developer fee earned in connection with the Project to Ground Lessee or an affiliate thereof to cover costs related to the consummation and administration of the Refinancing.

5.5.3 “**Sale**” means the direct or indirect transfer of any portion of the beneficial interest in the Premises, the Project, and/or Ground Lessee’s leasehold interest under the Ground Lease. Notwithstanding the foregoing, no payment shall be due under this Section 5.5 for any transfer of the limited partnership interest in Tenant in connection with the tax credit syndication for financing the

construction of the Improvements, or any subsequent re-syndication by the Investor Limited Partner involving a transfer by the Investor Limited Partner of its limited partnership interest in Tenant to a partnership which it or an affiliate is the general partner or to a limited liability company in which it or an affiliate is the managing member or manager.

5.5.4 “**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 Lessee’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 Lessee to any non-affiliate of Ground Lessee 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 Lessee or an affiliate thereof to cover costs related to the consummation and administration of the re-syndication proceeds).

ARTICLE 6.

GROUND LEASE – OTHER TERMS AND CONDITIONS

6.1 DESIGN REVIEW:

6.1.1 Ground Lessee shall not make any changes to the Approved Construction Documents for the Project without the prior consent of Lessor. During the Construction Period, Lessor will have design review rights with respect to any changes to the Approved Construction Documents desired by Ground Lessee as set forth in Section 6.1.4.

6.1.1.1 Approval of such changes that represent Logical Evolutions of the design and are not related to Agency Development-Related Concerns will be at Lessor’s reasonable discretion.

6.1.1.2 Approval of such changes that are related to Agency Development-Related Concerns or are not a Logical Evolution of the design will be at Lessor’s sole and absolute discretion.

6.1.2 Lessor will retain the same design approval rights for any substantive Project changes or improvements later sought by Ground Lessee at any time during the Ground Lease Term.

6.1.3 Lessor’s design approval rights as set forth herein are, in part, intended to ensure that the Project meets Lessor’s public serving responsibilities, priorities and imperatives, and/or other obligations required by statute or pre-existing funding requirements including but not limited to, LACMTA’s Satisfactory Continuing Control Requirement.

6.1.4 The term “**Approved Construction Documents**” shall mean the Final Construction Documents approved by Lessor in writing, or deemed approved by Lessor, as applicable, as such Final Construction Documents may be subsequently modified, amended, or revised as a result of Ground Lessee changes to the Final Construction Documents approved by Lessor in writing, or deemed approved by Lessor, as applicable.

6.1.5 In addition to the foregoing, LACMTA shall retain similar design approval rights as set forth in Section 3.6 for any substantive Project changes or improvements sought by Ground Lessee 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.

6.2 **MAINTENANCE AND OPERATIONS:** During the Ground Lease Term, Ground Lessee shall maintain and operate all portions of the Project and the Premises at its sole cost and expense pursuant to maintenance and operations standards that shall be mutually agreed between the parties and set forth in the Ground Lease.

6.3 **DEMOLITION/DEMOLITION SECURITY:** If required by LACMTA, Developer shall, at Developer's sole cost and expense, (a) demolish and remove the Project and any improvements then located on the Premises (or such portion thereof as indicated by LACMTA in writing), exclusive of any LACMTA improvements and/or transportation-related amenities and facilities then located on the Premises, (b) return the Premises to LACMTA in its otherwise original condition (the "**Demolition**") at the expiration or earlier termination of the Ground Lease and (c) provide reasonable assurances to LACMTA near the end of the Ground Lease Term that the Demolition shall be completed.

6.4 **FINANCING AND ENCUMBRANCES:** Subject to Lessor's reasonable approval, Ground Lessee may encumber its leasehold estate with mortgages, deeds of trust or other financing instruments; provided, however, in no event shall LACMTA's Satisfactory Continuing Control Requirement, or Lessor's fee title interest be subordinated or subject to Ground Lessee's financing or other claims or liens (except as set forth below for certain affordable housing and other covenants). Such encumbrances and financings shall be subject to Lessor'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 Lessor's approval.

6.5 **COVENANTS:** Ground Lessee may encumber its leasehold estate with affordable housing and other covenants reasonably required by Ground Lessee's affordable housing funding sources or the Entitling Agency as a condition to granting Project approvals, entitlements and building permits, which covenants shall be subject to Lessor's review and reasonable approval. Agency will reasonably consider the encumbrance of its fee title interest with certain restrictive covenants, if required by Ground Lessee's affordable housing funding sources or the Entitling Agency as a condition to granting Project approvals, entitlements and building permits; provided that Ground Lessee agrees to perform all obligations under said covenants during the Ground Lease Term and to indemnify Agency for all claims and losses resulting from Ground Lessee's failure to do the same, except to the extent Ground Lessee's failure is caused by the gross negligence or willful misconduct of Lessor.

6.6 **FEDERAL CIVIL RIGHTS COVENANTS:** Ground Lessee shall comply with all applicable Federal nondiscrimination requirements, including applicable sections of Title 49 of the Code of Federal Regulations.

6.7 **TRANSFERS, ASSIGNMENT, AND SUBLETTING:**

6.7.1 Except for limited permitted exceptions to be set forth in the Ground Lease and subject to the Permitted Transfers discussed below (including, without limitation, in connection with (a) a transfer or assignment to an affiliate Controlled by Ground Lessee, (b) financing approved by the Lessor and obtained by Ground Lessee in connection with construction of the Project or (c) the exercise of remedies by a joint venture partner of Ground Lessee or its affiliates approved by the Lessor, as to be more particularly set forth in the JDA), Ground Lessee shall not transfer, assign or sublet (except for the typical subleasing of the apartments and retail space within the Project) its rights or obligations under the Ground Lease, or beneficial interests in Ground Lessee (each, a "**Transfer**"):

6.7.1.1 Prior to Completion; and

6.7.1.2 After Completion, other than in accordance with reasonable transfer criteria to be set forth in the Ground Lease, including, without limitation, criteria regarding (a) applicable FTA approval (for the LACMTA Property), (b) the creditworthiness, history and experience of any proposed transferee and its affiliates, and (c) FTA and State requirements, as applicable, concerning debarment, suspension, etc. stemming from FTA and State funding related to acquisition of the LACMTA Property.

6.7.2 Notwithstanding the foregoing, the Ground Lease will allow Ground Lessee to make certain “**Permitted Transfers**” without Lessor’s consent; provided that (a) Ground Lessee is not in breach or default under the Ground Lease, (b) Ground Lessee provides written notice to Lessor of Ground Lessee’s intent to effectuate a Permitted Transfer in accordance with time frames set forth in the Ground Lease and with sufficient detail for Lessor to reasonably determine that the intended Transfer is a Permitted Transfer, (c) Ground Lessee provides written notice to Lessor of the consummation of the Transfer in accordance with time frames set forth in the Ground Lease and with sufficient detail for Lessor 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 Lessee 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 Lessee to an investor limited partner and the subsequent transfer of such investor’s limited partnership interest in Ground Lessee to another investor or an affiliate of Ground Lessee (which Lessor and Ground Lessee acknowledge will result in a Change of Control), and (ii) the replacement of Ground Lessee’s general partner for cause with an affiliate of the limited partner in accordance with the terms of Ground Lessee’s partnership agreement (which Lessor and Ground Lessee 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.

6.7.3 “**Change of Control**” means (y) a change in the identity of the entity with the power to direct or cause the direction of the management and policies of Ground Lessee, whether through the ownership of voting securities, by contract or otherwise, or (z) the transfer, directly or indirectly, of fifty percent (50%) or more of the beneficial ownership interest in Ground Lessee.

6.7.4 “**Control**” or “**Controlled**” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of any entity, whether through the ownership of voting securities, by contract, family or trustee.

6.8 **RETAINED RIGHTS:**

6.8.1 LACMTA shall retain from its Ground Lease and Premises, certain rights as shall be further described in detail in the Ground Lease, relating to the following (the “**LACMTA Retained Rights**”):

6.8.1.1 the right to install, construct, inspect, operate, maintain, repair, expand, replace public transit facilities in, on, under, over, and adjacent to the Premises as LACMTA may deem those rights necessary (i.e., no interference with transit operations);

6.8.1.2 the right to use sidewalk areas and any Lessor Retained Areas (particular to LACMTA) for LACMTA and pedestrian ingress and egress and activities related to the operation of any public transit facilities;

6.8.1.3 the right to enter upon and inspect the Premises, subject to the rights of subtenants under their subleases and upon reasonable notice to Ground Lessee, and anytime during normal business hours, for purposes of conducting normal and periodic inspections of the Premises and the Project and to confirm Ground Lessee's compliance with the terms and conditions of the Ground Lease;

6.8.1.4 the right to install, use, repair, maintain, and replace along the perimeter of the Premises abutting the public streets, sidewalks or rights-of-way (including, without limitation, on the exterior of the Project) informational, directional and way-finding signs for the purpose of directing the public to, from and between LACMTA and other public transit options in the area; provided, however, LACMTA shall not install any such signage on the Premises or the Project without Ground Lessee's prior written approval, which shall not be unreasonably withheld, conditioned or delayed; and

6.8.1.5 all rights not explicitly granted to Ground Lessee in the Ground Lease. The LACMTA Retained Rights shall, among other things, ensure that the Premises remains available for the transit purposes originally authorized by the FTA ("**LACMTA's Satisfactory Continuing Control Requirement**").

6.9 **FIRST/LAST MILE PLAN:** During the Ground Lease Term, Developer shall, at its sole cost and expense, use commercially reasonable efforts to continue to collaborate in furtherance of LACMTA's First/Last Mile Strategic Plan to pursue grants and other funding for both on and offsite pedestrian improvements in relation to the Project.

6.10 **LOCAL HIRE POLICY:** Developer shall require that at least thirty percent (30%) of the total California construction labor hours worked on the Project be performed by a qualified Local Resident, and that at least ten percent (10%) of the total California construction labor hours be performed by County residents classified as a Targeted Worker facing barriers to employment, consistent with the Countywide Local and Targeted Worker Hire Policy adopted by the Board of Supervisors on September 6, 2016 (as may be amended from time to time, the "**Local Hire Policy**").

6.11 **OTHER:** Other provisions will be included in the Ground Lease, including, without limitation, provisions relating to (a) Ground Lessee's assumption of risk related to the Project's proximity to rail and other transit operations, (b) insurance, and (c) indemnity.

ARTICLE 7. AGENCY TRANSACTION COSTS

7.1 **AGENCY TRANSACTION COSTS:** Developer acknowledges and agrees that LACMTA will incur certain actual costs (the "**Agency Transaction 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 Agency Transaction Costs shall include, without limitation, the actual cost of in-house staff time (including Agency overhead and administrative costs but excluding in-house costs incurred by County Counsel and LACMTA project manager) and third party consultation fees (including, but not limited to, fees related to consultants, engineers, architects, and advisors) for financial analyses, design review (including reviewing plans and specifications for the Project), negotiations, appraisals, document preparation, services related to development, planning, engineering, construction safety, construction management, construction support, and construction logistics and inspection, and other reasonable services related to the Project and the transactions contemplated under the JDA and Ground Lease.

7.2 **JDA DEPOSIT:** Upon the execution of the JDA, Developer shall provide a deposit to Lessor (the “**JDA Deposit**”), for Lessor to apply to Agency Transaction Costs (whether accruing prior to or after the JDA Effective Date), such initial deposit being in the amount of \$50,000. Any unspent deposit provided by Developer under the ENA shall be carried over and applied towards the JDA Deposit. If the JDA Deposit is not fully utilized by LACMTA in connection with the Project during the JDA Term, then the remaining balance of the JDA Deposit shall be credited against the Ground Lease Deposit due under the Ground Lease. LACMTA shall provide documentation of Agency Transaction Costs to Developer upon Developer’s request, provided that the form of documentation will be such that is available to Agency and in its possession.

7.3 **GROUND LEASE DEPOSIT:** On the Commencement Date, the Ground Lessee shall provide a deposit to Lessor, for Lessor to apply to Agency Transaction Costs, an initial deposit (the “**Ground Lease Deposit**” and together with the JDA Deposit, the “**Deposit**”) in the amount of \$100,000. To the extent that the Ground Lease Deposit under the Ground Lease is not utilized by Lessor in connection with the Project, any remaining balance shall be returned to the Ground Lessee upon completion of the Project. Ground Lessee will provide Lessor with additional Ground Lease Deposit funds, in an amount to be determined at the time, for Agency Transaction Costs accruing during the term of the Ground Lease in connection with any Ground Lessee improvements requiring LACMTA review/approval.

7.4 **DEPOSIT REPLENISHMENT:** During the term of the JDA, whenever any Deposit balance reaches \$25,000 or less, Developer or Ground Lessee (as applicable) will replenish such Deposit to \$50,000 (under the JDA) and \$100,000 (under the Ground Lease), as applicable, upon written notice from LACMTA. If Developer does not replenish the Deposit at the applicable times as set forth herein, LACMTA may decline to provide the services that are to be covered by the Deposit and/or terminate the JDA.

Exhibit A

Depiction of LACMTA Property

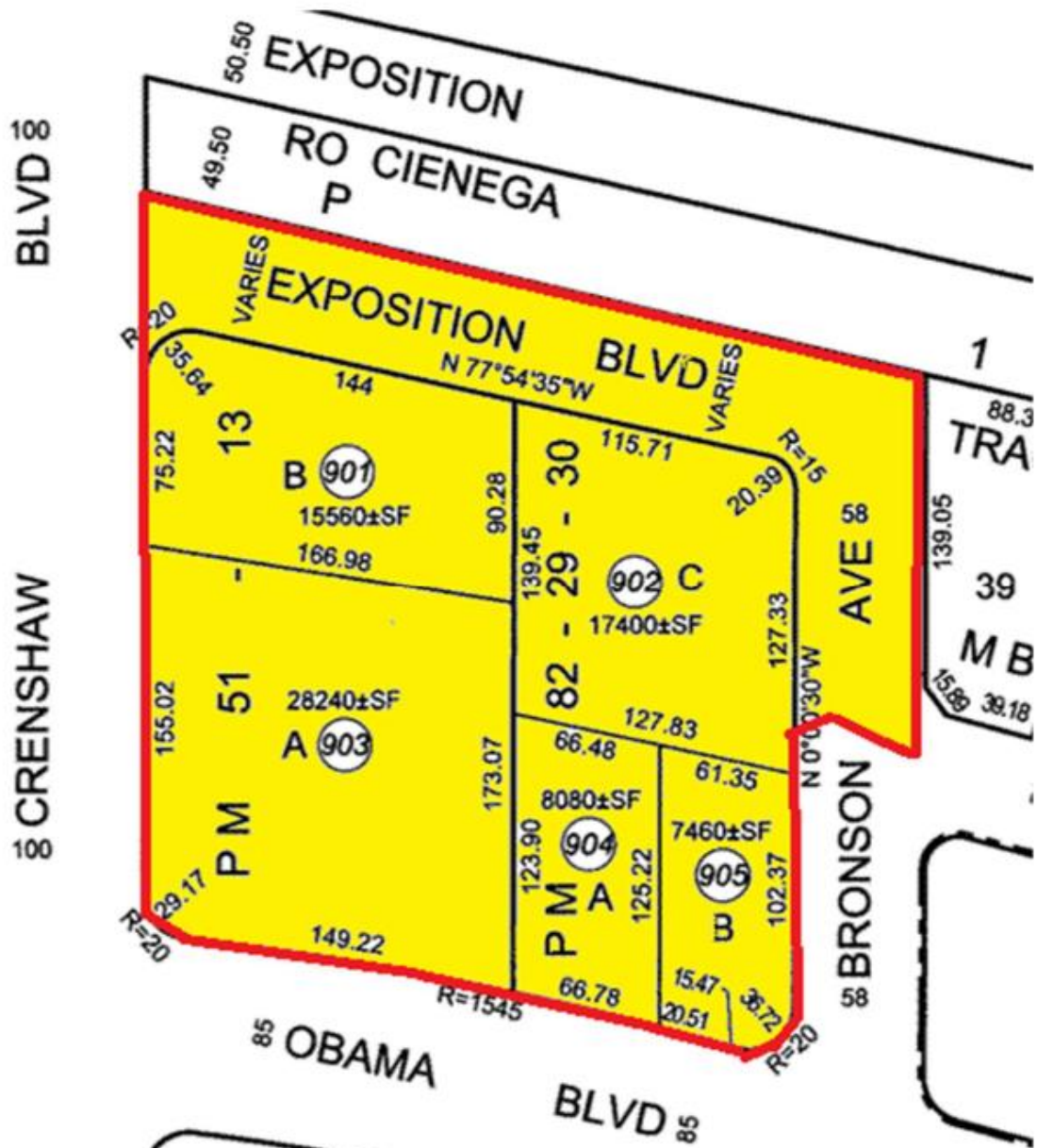


Exhibit B

Depiction of the Premises

