

ATTACHMENT A

**SUMMARY OF KEY TERMS AND CONDITIONS
OF
JOINT DEVELOPMENT AGREEMENT AND GROUND LEASE
FOR
THE MARIACHI PLAZA - LUCHA REYES APARTMENTS JOINT DEVELOPMENT SITE
(DATED: _____, 2024)**

*This non-binding Summary of Key Terms and Conditions (“**Term Sheet**”) outlines the proposed key terms and conditions of a development transaction by and between the Los Angeles County Metropolitan Transportation Authority (“**LACMTA**”) and Developer (defined below) with respect to certain real property described in this Term Sheet. LACMTA and Developer previously entered into that certain Exclusive Negotiation Agreement and Planning Document dated March 15, 2018, as amended (“**ENA**”). LACMTA and Developer now intend to negotiate, based on this Term Sheet, a set of legally-binding agreements to carry out the development transaction, which agreements will include (a) a joint development agreement between LACMTA and Developer (“**JDA**”), (b) a ground lease between LACMTA and Developer or an affiliate of Developer (“**Ground Lease**”), and (c) such other agreements as are necessary or convenient to carry out the intent of the terms outlined in this Term Sheet.*

GENERAL DESCRIPTION

- 1.1 DEVELOPER:** East Los Angeles Community Corporation (ELACC) (“**Developer**”), a California nonprofit public benefit corporation.
- 1.2 DEVELOPMENT SITE:** LACMTA is the fee owner of approximately 1.46 acres of real property located at the northeast corner of E. 1st Street and Vicente Fernández Street adjacent to Pennsylvania Avenue, in the City of Los Angeles and the County of Los Angeles, as depicted in Exhibit A (“**LACMTA Property**”). An approximately 0.70-acre (i.e., approximately 30,765-square-foot) portion within the LACMTA Property is currently improved with a public plaza and station entrance commonly known as the Mariachi Plaza E Line Station (“**Station**”), which improvements are part of the “**Public Transit Facilities**”. The LACMTA Property also contains two separate parcels bifurcated by North Vicente Fernández Street running north-south thereby creating two sub-areas for development. The area west of the street will be referred to as “Parcel A” containing approximately 27,025 square feet and the area east of the street will be referred to as “Parcel B” containing approximately 6,000 square feet. Combined, “Parcel A” and “Parcel B” are approximately 33,025 square feet (i.e., approximately 0.76 acres) and are collectively referred to as the Premises (“**Premises**”).

1.3 PROPOSED PROJECT: Lucha Reyes, the proposed development project ("**Project**") will be constructed on the Premises by Developer at Developer's sole cost and expense in accordance with the plans and specifications generally known as the Joint Development Agreement Package ("**JDA Package**"), August 9, 2024, as detailed and referenced in Exhibit B ("**JDA Package Plans**"), as such JDA Package Plans logically evolves and is modified and revised as set forth herein. The Project is currently anticipated to include, without limitation, fifty-nine (59) affordable rental apartments restricted to households earning no more than 60% of the LA County Area Median Income, and one (1) unrestricted property manager's apartment, 4,556-square-foot community room, a residential lobby, additional community space (learning center, recreation room), and a manager's office. The site plan and renderings for the currently proposed Project are attached in Exhibit C. Although Developer will endeavor to secure financing for Project as described in this Term Sheet, certain aspects of the Project, including affordability levels of the rental apartments, may be modified if required by the funding sources ultimately secured.

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

GENERAL CONDITIONS

2.1 DEDICATIONS: LACMTA will not provide any dedications for the Lucha Reyes project.

**2.2 FEDERAL TRANSIT
ADMINISTRATION, STATE
AND LOCAL FUNDING
SOURCE APPROVAL:**

The parcels comprising the Premises were acquired by LACMTA using both Federal Transit Administration ("**FTA**") funds and local funds. 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: (a) applicable FTA, State, and bond holder approval/concurrence, and (b) LACMTA confirmation that such actions will not violate any bond funding related requirements or restrictions imposed on LACMTA or the LACMTA Property, (collectively, the "**Funding Approvals**"). Prior to execution of the JDA or Ground Lease, LACMTA shall have received approval of the terms and conditions set forth herein and in the Ground Lease by the appropriate funding agency(ies) that participated in LACMTA's original acquisition of the Premises.

**2.3 DEVELOPMENT
ENTITLEMENTS AND OTHER
LEGAL REQUIREMENTS:**

Intentionally Omitted

2.4 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.

2.5 SITE REMEDIATION:

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

KEY JOINT DEVELOPMENT AGREEMENT (“JDA”) TERMS:

3.1 JDA - GENERALLY:

After (i) the LACMTA Board has approved and Developer has accepted this Term Sheet, (ii) Developer has met all CEQA requirements for the Project (as further described below in the Closing Conditions), and (iii) the LACMTA Board has made the requisite findings as a responsible agency pursuant to the CEQA requirements for the Project, then LACMTA and Developer will enter into a Joint Development Agreement (“**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. The JDA will address matters between Developer and LACMTA 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 (as defined in Section 3.3), Developer and LACMTA shall enter into an escrow (“**Escrow**”) with an escrow company mutually agreed upon by Developer and LACMTA (“**Escrow Holder**”) for the Ground Lease transaction contemplated in the JDA.

3.3 JDA TERM:

The JDA shall be effective upon execution by LACMTA and Developer (the “**JDA Effective Date**”) and will expire on the date that is eighteen (18) months thereafter (the “**JDA Initial Term**”) and, as may be extended pursuant to this Section 3.3, the “**JDA**

Term”). Notwithstanding the foregoing, provided that Developer is working in good faith to meet the Closing Conditions (as defined below) but is unable to satisfy all of the Closing Conditions due to a delay beyond the control of Developer, then upon receipt of a written request by Developer, LACMTA may, in its sole and absolute discretion, elect to extend the Initial Term for up to two consecutive twelve-month periods. During the JDA Term, LACMTA and Developer shall endeavor to close Escrow (the “**Closing**”), subject to satisfaction or waiver of certain conditions precedent to execution of the Ground Lease, as set forth in the JDA (the “**Closing Conditions**”). 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.

3.4 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 to LACMTA, in advance on a monthly basis, in immediately available funds, nonrefundable holding rent in the amount of \$2,500 (the “**Holding Rent**”). The Holding Rent is based on 1/12th of 0.91% of \$3,310,000, which is the appraised fair market value of the fee simple value of the Premise (as determined in that certain appraisal dated November 17, 2023, performed by CBRE). The Holding Rent shall be nonrefundable but shall be applied at Closing as a credit to the Capitalized Rent due under the Ground Lease, in the event the Ground Lease is executed by the parties.

3.5 CONDITIONS TO CLOSING: The Closing Conditions will require, among other things:

- (a) Developer has provided LACMTA assurances that Developer has the legal capacity to develop the Project through delivery of organizational documents and other proof reasonably requested by LACMTA;
- (b) Developer has delivered to LACMTA evidence and assurances demonstrating that Developer has the financial resources in place to design, construct and operate the Project, including financing, and that such resources are fully committed without reservation to the reasonable satisfaction of LACMTA;

- (c) All necessary CEQA Review for the Project has occurred and all related CEQA approvals, findings, determinations, and certifications have been made by the applicable governmental authorities, and all applicable statutes of limitation have run without a lawsuit having been timely filed (but if so filed, then final adjudication or dismissal with prejudice of such lawsuit has occurred, upholding the approvals, findings, determinations, and certifications).
- (d) Developer has applied for and received all governmental approvals necessary (including all LACMTA and City of Los Angeles approvals and entitlements) for the development, construction, and operation of the Project);
- (e) LACMTA has approved the final (100%) construction plans for the Project and any other design or technical documents necessary for the construction of the Project (the “**Approved Construction Documents**”);
- (f) Developer has received 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 and any changes to the Approved Construction Documents that appear in the “ready to issue” plans for the Project will be subject to LACMTA review and approval in accordance with LACMTA’s design review rights under the JDA;
- (g) Developer has executed and delivered all Closing Documents to Escrow;
- (h) Developer has provided LACMTA with Payment and Performance Bonds and a Completion Guaranty from East Los Angeles Community Corporation guaranteeing and securing completion of the Project, each in a form satisfactory to LACMTA;
- (i) All Funding Approvals have been received and adequate documentation has been submitted to LACMTA;

- (j) LACMTA has approved (with or without conditions) Developer's construction work plan;
- (k) Developer has completed a Local Preference Implementation Plan, and LACMTA has determined at its sole and absolute discretion whether or not to incorporate local preference provisions into the Ground Lease.

3.6 DESIGN

REVIEW/SEQUENCE:

During the JDA Term and the Construction Period (defined below) under the Ground Lease, LACMTA shall have the right to review and approve the design of the Project, including: any design elements of the Project that affect (a) the operations of LACMTA, (b) LACMTA's exercise of its Retained Rights (defined below), and (c) public health and safety (collectively, the "**LACMTA Development-Related Concerns**"). LACMTA's approval of Project plans that **are not** related to LACMTA 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 LACMTA at the preceding level of design development (a "**Logical Evolution**"). Approval of Project's plans that **are** related to LACMTA Development-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 the *Retained Rights* subsection of the *Ground Lease – Other Terms and Conditions* section of this Term Sheet). LACMTA and Developer agree to work together in good faith to resolve any issues that may arise over design matters.

Except as otherwise approved in writing by LACMTA, Developer shall not proceed with preparation of the Project's Final Construction Documents until it has received LACMTA's written approval of the Project's Design Development Drawings and Schematic Design Drawings.

3.7 JDA/GROUND LEASE

CLOSING:

The Closing will occur when Developer and LACMTA have entered into the Ground Lease and other transaction documents necessary to complete the Closing as contemplated in the JDA

(the “**Closing Documents**”) after the Closing Conditions have been satisfied or waived by the applicable party. The JDA will contemplate a single Closing. At Closing, LACMTA will lease the Premises (defined in Section 4.4) to Developer, subject to the Retained Rights (defined below), in exchange for the payment of the Capitalized Rent and initial Fee to be paid under the Ground Lease. The Closing Documents, including, without limitation, the Ground Lease, will be executed by the parties as is necessary to properly effectuate the Closing.

**3.8 TRANSFERS, ASSIGNMENT
AND SUBLETTING:**

Except 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.

KEY GROUND LEASE TERMS:

4.1 GROUND LESSEE:

East Los Angeles Community Corporation (ELACC) (“**Ground Lessee**”), a California nonprofit public benefit corporation, or its assignee as may be approved by LACMTA in its sole and absolute discretion.

**4.2 GROUND LEASE –
GENERALLY:**

At Closing, LACMTA, as ground lessor, and Ground Lessee, as ground lessee, will enter into a ground lease (the “**Ground Lease**”), which will provide for the construction and operation of the Project on the Premises (defined below). 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.

On or before the Closing, both LACMTA and the Ground Lessee will have the opportunity to place Parcel B into a separate ground lease or similar agreement (“Parcel B Agreement”). This will occur to the extent it mutually benefits both parties and provides flexibility with the operations and programming of Parcel B and the financing or refinancing of the Project. The terms and conditions of the Parcel B Agreement binding LACMTA and the Ground Lessee to Parcel B will be subordinate to the Ground Lease contemplated for the Project and will in no way encumber or take precedence over Parcel A.

4.3 UNSUBORDINATED

GROUND LEASE: Neither LACMTA's interest in the LACMTA Property nor its rights under the Ground Lease (including the FTA's interest as a provider of funds for the Site's initial acquisition) nor LACMTA's Satisfactory Continuing Control Requirement (as defined in the *Retained Rights* subsection of the *Ground Lease – Other Terms and Conditions* section of this Term Sheet) shall be subordinated to any interest that Ground Lessee or its lenders or investors will have in the Premises.

4.4 GROUND LEASE

PREMISES: Consistent with the definitions in and provisions of this Term Sheet, the term "Premises" as may be used or referenced in the Ground Lease shall not be construed or interpreted to include any dedications ("**Dedications**").

4.5 GROUND LEASE TERM:

The Ground Lease shall 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) years (the "**Ground Lease Term**"), expiring on the day prior to that anniversary of the Commencement Date, which Ground Lease Term may be adjusted by LACMTA to be longer or shorter than seventy-five (75) years based on lender and investor underwriting requirements, in LACMTA's reasonable discretion.

4.6 LEASE RIDER:

LACMTA will reasonably cooperate with Ground Lessee to reach an agreement on the form of any separate rider(s) to the Ground Lease ("**Lease Rider(s)**"), as may be required of the Ground Lessee by public agencies which provide awards of tax credits or other financing to the Ground Lessee for the Project. Said public agencies which might require Lease Riders include, but would not be limited to, the California Tax Credit Allocation Committee ("**CTCAC**") or the California Department of Housing and Community Development ("**HCD**").

4.7 ESTOPPELS:

LACMTA will reasonably cooperate with lenders and investors to execute Ground Lease estoppels on LACMTA's standard estoppel form. Ground Lessee will reasonably cooperate with LACMTA to execute any such Ground Lease estoppels on LACMTA's standard estoppel form.

GROUND LEASE RENT & OTHER COMPENSATION

5.1 NET LEASE:

All rent to be paid under the Ground Lease shall be absolutely net to LACMTA, without offset, deduction or withholding. Ground Lessee 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 Lessee is aware that the Premises are also subject to possessory interest taxes, which shall be paid by Ground Lessee.

5.2 CAPITALIZED RENT:

Upon execution of the Ground Lease, Ground Lessee shall pay LACMTA a capitalized rent payment (the “**Capitalized Rent**”) of \$1,200,000 for the entire Ground Lease Term, which has been determined to be the residual value of the \$3,400,000 appraised fair market value of the leasehold interest of the Premises (for a 75-year lease), as determined by CBRE and set forth in that certain appraisal dated November 17, 2023 (the “**Appraised FMV**”). All Holding Rent received by LACMTA under the JDA shall be applied as a credit to the Capitalized Rent due under the Ground Lease upon execution of the Ground Lease by the parties.

5.3 PERCENTAGE RENT:

Intentionally Omitted. (no commercial uses)

5.4 SALE/REFINANCING PROCEEDS:

Ground Lessee shall pay LACMTA an amount equal to: (a) 33% of all Refinancing Net Proceeds received by Ground Lessee for the refinancing of the Project, where “**Refinancing Net Proceeds**” shall mean the gross principal amount of the refinancing, less (i) the amount of any then-existing debt consummated pursuant to a financing event approved by LACMTA or permitted by the terms of the Ground Lease and 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 paid from the refinancing proceeds and for which any lien is reconveyed or released, (ii) amounts for repairs or capital improvements to the Project to be made within twenty-four (24) months after the closing date of the refinancing, and (iii) the following transaction costs and expenses paid by Ground Lessee to any non-affiliate of Ground Lessee in connection with the consummation of any such refinancing, to the extent such costs are commercially reasonable: escrow fees, title charges, lender fees or charges, recording costs, brokerage commissions and attorneys’ fees; and (b) upon the consummation of any sale of the Project to an unaffiliated third party (a “**Sale**”), Ground Lessee

shall pay LACMTA, an amount equal to 33% of all Sale Net Proceeds received by Ground Lessee for the Sale of the Project, where “**Sale Net Proceeds**” means with respect to each Sale, the total consideration less (i) the amount of any then-existing debt consummated pursuant to a financing event approved by LACMTA or permitted by the terms of the Ground Lease and 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 such total consideration, and (ii) 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. Notwithstanding the foregoing, the total amount of Refinancing Net Proceeds and/or Sale Net Proceeds to be paid by Developer to LACMTA shall not exceed the Appraised FMV less the Capitalized Rent paid by Developer upon the execution of the Ground Lease.

GROUND LEASE – OTHER TERMS AND CONDITIONS

6.1 DESIGN REVIEW:

Developer shall not make any changes to the Approved Construction Documents without the prior consent of LACMTA. During the Construction Period, LACMTA will have design review rights with respect to any changes to the Approved Construction Documents desired by Ground Lessee as set forth in the *Design Review/Sequence* subsection of the *Key Joint Development Agreement (“JDA”) Terms* section of this Term Sheet. Approval of such changes that represent Logical Evolutions of the design and are not related to LACMTA Development-Related Concerns will be at LACMTA’s reasonable discretion. Approval of such changes that are related to LACMTA Development-Related Concerns or are not a Logical Evolution of the design will be at LACMTA’s sole and absolute discretion. LACMTA 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. 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 the Retained Rights subsection of the Ground Lease – Other Terms and Conditions section of this Term Sheet). Notwithstanding the foregoing, LACMTA and the Developer will work in good faith to process all requests leading to completion of

the Approved Construction Documents, any changes to the Approved Construction Documents during the Construction Period as well as during the Ground Lease Term.

**6.2 CONSTRUCTION
COMPLETION:**

The Ground Lease will require commencement of construction within 30 days after the Commencement Date. The Project's construction period ("**Construction Period**") will commence on the Commencement Date and terminate upon the earlier of (1) substantial completion of construction of the Project improvements as described in the Ground Lease, which shall be evidenced by a temporary certificate of occupancy for substantially all of the Project improvements described in the Ground Lease or (2) twenty-four (24) months after the Commencement Date.

**6.3 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.

**6.4 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.

**6.5 FINANCING AND
ENCUMBRANCES:**

Subject to LACMTA'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 (as defined in the *Retained Rights* subsection of the *Ground Lease – Other Terms and Conditions* section of this Term Sheet), LACMTA's fee title interest, or rent payable to LACMTA under the Ground Lease, 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 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. Said "permitted financing events" in the Ground Lease may 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 any subsidies provided for the operation of the project.

6.6 COVENANTS:

Ground Lessee shall encumber its leasehold estate with affordable housing and other covenants reasonably required by Ground Lessee's 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 restrictive covenants if required by Ground Lessee's affordable housing funding sources or the City of Los Angeles 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 LACMTA for all claims and losses resulting from Ground Lessee's failure to do the same. Notwithstanding the affordability requirements placed on the property by affordable housing funding sources, LACMTA shall require that all units designated as affordable at the time of the Ground Lease execution remain so for the duration of the Ground Lease Term in accordance with the terms and conditions set forth in the most restrictive affordable housing covenants and/or restrictions in place at time of Ground Lease execution except that the Ground Lease will provide language allowing the occupancy and rent restrictions to float up to a level that is high enough to meet the residual analysis (otherwise known as the true debt test) required for low income housing tax credits based on LACMTA commissioned independent financial review. In no event shall tenant income levels exceed 80% of area median income ("AMI"), adjusted for household size, and in no event shall the maximum affordable rent level be higher than 20 percent below the median market rents for the neighborhood in which the LACMTA Property is located.

Additionally, pursuant to Section 54221(F)(1) of the Surplus Land Act (Government Code Section 54200 *et seq.*), all residential units shall be restricted to lower income households, as defined in Health and Safety Code Section 50079.5, with an affordable rent as defined in Health and Safety Code Sections 50052.5 or 50053 for a minimum of 55 years for said rental housing, and in no event shall the maximum rent level be higher than 20 percent below the median market rents for the neighborhood in which the site is located. Ground Lessee shall encumber its leasehold estate with said affordable housing covenants as required by Section 54221(F)(1) of the Surplus Land Act.

6.7 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.

6.8 TRANSFERS, ASSIGNMENT, AND SUBLETTING:

Except for limited permitted exceptions to be set forth in the Ground Lease, 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**”):

- a. Prior to completion of construction of the Project; and
- b. After completion of construction of the Project, 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, (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.

6.9 RETAINED RIGHTS:

LACMTA shall retain from the Ground Lease and the Premises 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 under and adjacent to the Premises as LACMTA may deem necessary, provided that such installation, construction, inspection, operation, maintenance, repair,

expansion and replacement does not interfere with the quiet use and enjoyment of the Project, its construction by Ground Lessee or its subtenants (2) the right to enter upon and inspect the Premises, with 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; (3) 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 (4) all rights not explicitly granted to Ground Lessee in the Ground Lease (the "**Retained Rights**"). The Retained Rights shall, among other things, ensure that the LACMTA Property remains available for the transit purposes originally authorized by the FTA ("**LACMTA's Satisfactory Continuing Control Requirement**").

6.10 SUPERSEDURE:

This Term Sheet supersedes the parties' understanding of key terms and conditions relating to the Premises, the Project or any joint development agreement or ground lease related thereto which may have existed prior to the date of this Term Sheet.

6.11 OTHER:

Other customary provisions contained in recent LACMTA ground leases 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 transit operations, (b) insurance, and (c) indemnity.

6.12 TENANT MIX:

Developer will seek to address concerns of gentrification and displacement of local Boyle Heights community members, including mariachi musicians. In consultation and coordination with LACMTA, the Developer will implement the inclusion of a local preference to the general affordable units, to the extent feasible and permissible under relevant state and federal laws, including but not limited to the Local Tenant Preferences to Prevent Displacement Act, California Government Code 7061 *et seq.*

As part of the process of addressing said concerns of gentrification and displacement of mariachi musicians and other local community members, the Developer will submit to LACMTA, no fewer than 120 days prior to the anticipated Closing date, a Local Preference Implementation Plan. LACMTA will have the authority to review and approve the Plan at its sole and absolute discretion.

6.13 MARIACHI CULTURAL CENTER

Through the Mariachi Cultural Center, the Developer will (a) support mariachis and mariachi culture, (b) ensure that the proposed MCC contribute to the preservation and cultural significance of Mariachi Plaza, including the ability of mariachis to perform and seek employment at this location and (c) collaborate with stakeholders to ensure the launch, funding and continued operation of the proposed MCC. No later than 90 days after the execution of the JDA, the Developer will provide a detailed plan to implement the MCC.

No later than 12 months prior to the end of construction, the Developer will release an RFP seeking qualified organizations to manage and maintain programming activities in support of the creation and long-term management of the MCC. The successful applicant will contract with the Developer to provide day-to-day management of the MCC and serve as a key link between the mariachis, ELACC, the residents of the Project and the community, at large.

If the MCC is not operational for more than three consecutive months, the Developer shall be responsible for the maintenance, management and programming of the MCC until such time the Developer finds a new operator through an open and competitive process, i.e. RFP.

During the Term of the Ground Lease, if it is determined the MCC is no longer a feasible activity, Metro will request the Developer to recommend an alternative use for the space, which Metro will review and approve at its sole and absolute discretion.

6.14 COMMUNITY GARDEN RENT:

A Community Garden is the designated programming element for Parcel B. Developer shall maintain the Community Garden on a regular basis and keep it free from litter, weeds, debris and other visual blight. The Community Garden shall be secured during hours of non-use and used solely to grow fruits and vegetables, provide community education and related horticultural activities. If Community Garden is not used or maintained as per the above, or an alternative use approved by LACMTA at its sole discretion is

not in place, LACMTA shall assess monthly rent on Parcel B at the then fair market rental rate. In addition, fair market rent will be assessed if construction on Parcel B is not completed within 12 months following the close of construction on Parcel A.

LACMTA TRANSACTION COSTS

7.1 LACMTA TRANSACTION

COSTS:

Developer and Ground Lessee acknowledge and agree that LACMTA will incur certain actual costs (the “**LACMTA 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 LACMTA Transaction 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 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, *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.

7.2 JDA FEE:

Developer shall provide a fee to LACMTA for LACMTA to apply to LACMTA Transaction Costs (whether accruing prior to or after the JDA Effective Date). On the JDA Effective Date, Developer shall pay LACMTA an initial fee in the amount of \$45,000 (the “**JDA Initial Fee**”); provided, however, upon any extension of the JDA Term, Developer shall pay LACMTA an additional fee in the amount of \$2,500, per month until the ground lease is executed, the JDA expires, or is terminated. (“**JDA Extension Fee**” and together with the Initial Fee, the “**JDA Fee**”).

7.3 GROUND LEASE DEPOSIT: On the Commencement Date, Developer shall pay LACMTA an initial deposit in the amount of Fifty Thousand Dollars (\$50,000) (the “**Ground Lease Deposit**”), which represents the LACMTA

construction management and related inspection costs that LACMTA is anticipated to incur during the Construction Period. During the Ground Lease Term, if the remaining balance of the Ground Lease Deposit falls below the amount of \$10,000, then, upon receiving written notice from LACMTA, Developer or Ground Lessee (as applicable) shall replenish the Ground Lease Deposit to the initial amount of \$50,000. If Developer or Ground Lessee (as applicable) fails to replenish the Ground Lease Deposit as set forth herein, LACMTA may decline to provide the services that are to be covered by the Ground Lease Deposit and/or terminate the Ground Lease. LACMTA will provide documentation of the LACMTA Transaction Costs to Ground Lessee upon Ground Lessee's written request.

**Exhibit A
LACMTA Property**



LACMTA Property



Size: 1.46 acres
Entire LACMTA property

Public Transit Facilities / Station



Size: 0.70 acres
Mariachi Plaza E Line Station

Premises



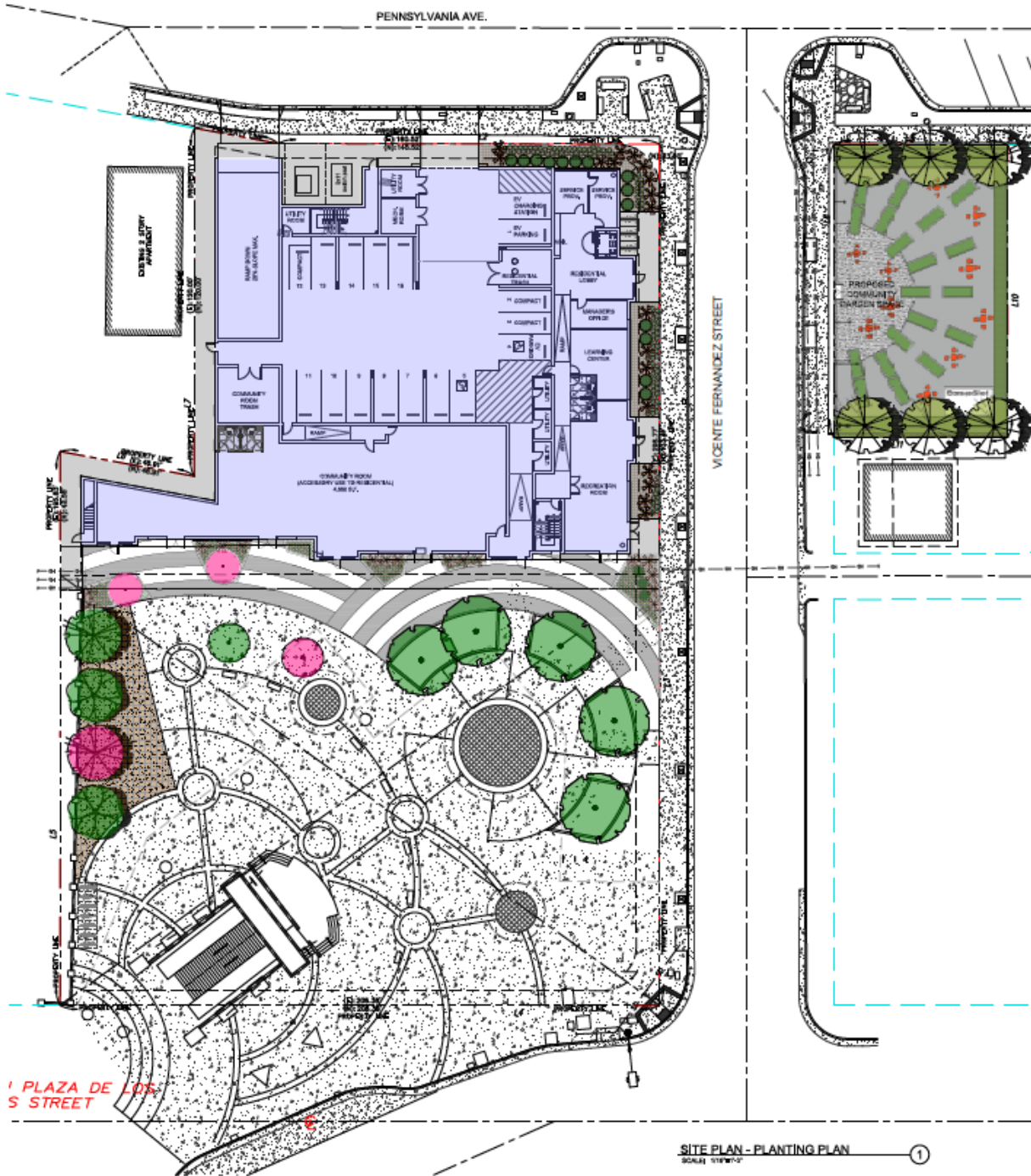
Parcel A
Size: 0.63 acres
Proposed Use: 59 units of affordable housing up to 4,500 square feet of community space



Parcel B
Size: 0.13 acres
Proposed Use: community garden

Exhibit C

Site Plan and Renderings



LUCHA REYES APARTMENTS – MARIACHI PLAZA

EAST LA COMMUNITY CORPORATON

Project: 125 N. BAILEY ST & 1722 PENNSYLVANIA
LOS ANGELES, CA 90033

Developer: 2817 E. 1ST ST, #101
LOS ANGELES, CA 90033

