

DISPOSITION AND DEVELOPMENT AGREEMENT
NO. 93-001

BY AND BETWEEN THE REDEVELOPMENT AGENCY
OF THE CITY OF HAWAIIAN GARDENS

AND

CERRITOS GARDENS GENERAL HOSPITAL COMPANY
A CALIFORNIA PARTNERSHIP

May __, 1993

DISPOSITION AND DEVELOPMENT AGREEMENT NO. 93-001

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DISPOSITION AND DEVELOPMENT AGREEMENT NO. 93-001

THIS AGREEMENT is entered into as of the ____ day of _____, 1993, by and between the REDEVELOPMENT AGENCY OF THE CITY OF HAWAIIAN GARDENS, CALIFORNIA ("Agency") and CERRITOS GARDENS GENERAL HOSPITAL COMPANY, a California limited partnership (the "Redeveloper"). The Agency and the Redeveloper agrees as follows:

I. [s100] SUBJECT OF AGREEMENT

A. [s101] Purpose of Agreement

The purpose of this Agreement is to effectuate the Redevelopment Plan (the "Redevelopment Plan") for the Hawaiian Gardens Redevelopment Project Area No. 1 (the "Project") by providing for the disposition of the hereinafter defined Site, and the commercial development of the Site as more particularly described in this Agreement and its attachments.

The development and operation of the Site and other properties pursuant to this Agreement and the fulfillment generally of this Agreement are in the vital and best interest of the City of Hawaiian Gardens, California (the "City"), and the health, safety, morals and welfare of its residents, and in accord with the public purposes and provisions of applicable federal, state, and local laws. and requirements.

Agency and Redeveloper agree that the development of the Site and other properties will result in the elimination of blight, and the generation of revenues, enhancement of the quality of the life of the present and future residents of the City which otherwise might not occur to the same degree or which might not occur at all, or which might occur only at a substantially later date in the absence of the implementation of the Redevelopment Plan by the Agency. Hence the provisions hereof are acknowledged to be to the mutual benefit of both the Redeveloper and the Agency.

B. [s102] The Redevelopment Plan

This Agreement is subject to the provisions of the Redevelopment Plan which was approved and adopted on November 27, 1973, by the City Council of the City of Hawaiian Gardens by Ordinance No. 259. The Redevelopment Plan, as it now exists and as . it. may be subsequently amended pursuant to Section 701, is incorporated herein by reference and made a part hereof as though fully set forth herein.

C. [s103] The Project Area

The Redevelopment Area is located in the City of Hawaiian Gardens, California, and the exact boundaries thereof are specifically described in the Redevelopment Plan.

The Site is a part of the Redevelopment Project Area. The Agency's goal is to revitalize the entire Redevelopment Project Area. The Agency anticipates that this Agreement is part of many measures that it will take to accomplish such revitalization.

D. [s104] The Site

The Site is a portion of the Project Area shown on the "Site Map," attached to this Agreement as Attachment No. 1 and incorporated herein by reference, and as more particularly described in the "Legal Description of the Site," which reflects the assessor parcel number and address for each of the parcels of real property included within the Site, incorporated herein and attached hereto as Attachment No. 2.

E. [s105] Parties to this Agreement

1. [s106] The Agency

The Agency is a public body, corporate and politic, exercising governmental *functions and* powers and organized and existing under the Community Redevelopment Law of the State of California (Health and Safety Code Section 33000 et seq.).

The office of the Agency is located at:

21815 Pioneer Boulevard
Hawaiian Gardens, California 90716
Telephone Number: (310) 420-2641

"Agency," as used in this Agreement, includes the Hawaiian Gardens Redevelopment Agency and any assignee of or successor to its rights, powers and responsibilities.

2. [s107] The Redeveloper

The Redeveloper is:

Cerritos Gardens General Hospital Company,
A California Limited Partnership
4201 Long Beach Boulevard, Suite 304
Long Beach, California 90807
Telephone Number: (310) 636-2468

Whenever the term "Redeveloper" is used herein, such term shall include any permitted nominee, assignee or successor in interest as herein provided.

The qualifications and identity of the Redeveloper are of particular concern to the City and the Agency, and it is because of these qualifications and identity that the Agency has entered into this Agreement with the Redeveloper. No voluntary or successor in interest of the Redeveloper shall acquire any rights or powers under his Agreement except as expressly set forth herein. This Agreement may be terminated by the Agency pursuant to Section 511 hereof if there is any significant voluntary change in membership, management, or control of the Redeveloper prior to the conveyance of title to the Site. The assignment of this Agreement and any rights thereto to a partnership consisting of the same management and control of Redeveloper, or the addition or deletion of limited partners for the purpose, among others, of obtaining construction or long-term financing, shall not be deemed to be a significant change in the membership, management or control of the Redeveloper prior to the completion of the development of the Site.

Except as expressly provided in this Agreement, the Redeveloper shall not assign all or any part of this Agreement without the prior written approval of the Agency.

F. [s108] Good Faith Deposit

The Redeveloper will deliver to the Agency within the time specified herein, a good faith deposit in the amount of Three Million Dollars (\$3,000,000), (the "Deposit") as security for the performance of obligations of the Redeveloper to be performed pursuant to the terms and conditions of this Agreement. The Redeveloper shall deliver the Good Faith Deposit to the Agency, within ten (10) calendar days after the execution of this Agreement by the Agency . Said Good Faith Deposit shall be in cash or certified check satisfactory to the Agency.

In lieu of cash or certified check, the Deposit, at the option of the Redeveloper, may be in the form of:

1. Negotiable bonds or other similar obligations of the United States of America; or
2. Negotiable certificates of deposit issued by a federal or state bank; or

3. An unconditional and irrevocable letter of credit, in favor of the Agency, from a bank authorized to do business in California, in form and substance satisfactory to the Agency.

The Deposit, if cash or certified check, shall be deposited in an account of the Agency in a bank or trust company selected by the Agency.

Unless this Agreement is terminated as expressly provided in Section 511 thereof, interest shall accrue on the Deposit of the account of Redeveloper.

Upon termination of this Agreement by the Agency as provided in subdivisions (a), (b), (c), (d), (e), or (f) of Section 511 hereof, the Deposit (including all interest, payable thereon after such termination) shall be retained by the Agency as liquidated damages as provided therein.

Upon termination of this Agreement by the Redeveloper as provided in Section 510 hereof, the Deposit shall be returned to the Redeveloper by the Agency as provided herein.

Upon the completion of all of the improvements by the Redeveloper in accordance with the terms and conditions of this Agreement, the Agency shall return the Deposit to the Redeveloper.

If the Agreement shall not have been theretofore canceled or terminated, or the Deposit shall not have been returned to the Redeveloper, the Agency shall return the Deposit to the Redeveloper upon completion of the improvements and development of the Site for which a final Certificate of Completion has been recorded pursuant to Section 324 hereof.

G. [s109] Consideration for Agreement

In consideration of the undertakings of the Agency pursuant to this Agreement, the Redeveloper intends to complete the improvements on the specified Site as set forth in the approved "Conceptual Plans" attached hereto as "Attachment No. 311 within nine (9) months after Building Permit is issued for construction of improvements within the Site.

II. [s200] DISPOSITION OF THE SITE

A. [s201] Acquisition by Condemnation or Otherwise by Agency Sale and Purchase Between Agency and Redeveloper

In accordance with and subject to all the terms, covenants and conditions of this Agreement, the Agency agrees to forthwith acquire all of the parcels of real property within the Site (none of which are now owned by Agency) , whether by condemnation or otherwise, and Agency agrees to concurrently upon its acquisition of such parcels of real property, to forthwith sell such. parcels to Redeveloper, and the Redeveloper agrees to purchase all of such parcels, to enable Redeveloper to develop the Site. The "Disposition Price" to be paid by Redeveloper to Agency for all of the parcels of real property on the Site is fifty percent (50%) of the sums actually paid by Agency for the acquisition of such parcels, and fifty percent (50%) of the sums actually paid by Agency for relocation costs and for goodwill, to any current owner or tenant of the parcels of real property to be acquired by Agency. Agency shall forthwith provide to Redeveloper such documents and other evidence of the value of the parcels of real property and of the cost for relocation costs and for goodwill, and other documents related thereto.

The Disposition Price shall be made by the Redeveloper to the Agency concurrently with the acquisition of all of. the parcels of real property by Agency or upon a condemnation judgment. The transfer of title to such parcels of real property by Agency to Redeveloper shall occur as indicated in the Schedule of Performance (Attachment 4).

B. [s202] Escrow

The Agency and Redeveloper agree to open an escrow to consummate the Sale of the Site from the Agency to the Redeveloper (the "Disposition Escrow") with City National Bank, Beverly Hills, California, ("Escrow Agent") or another escrow company approved by the Agency and the Redeveloper, within the time established in the "Schedule of Performance," incorporated herein and attached to this Agreement as Attachment No. 4. This Agreement constitutes the joint escrow instructions of the Agency and the Redeveloper, and a duplicate original of this Agreement shall be delivered to the Escrow Agent upon the opening, of escrow. The Agency and the Redeveloper shall provide such additional escrow instructions as shall be necessary and consistent with this Agreement. The Escrow Agent is hereby empowered to act under this Agreement, and upon indicating its acceptance in writing, delivered to the

Agency and the Redeveloper within five (5) days after the opening of the escrow, shall carry out its duties as Escrow Agent hereunder.

The Redeveloper shall deposit the Disposition Price for the Site with the Escrow Agent in accordance with the provisions of Section 201 and 208 of this Agreement, provided that Agency has deposited with Escrow Agent all documents required by Escrow Agent to enable Escrow Agent to concurrently transfer good, incurred and marketable title to the Site to Redeveloper.

The Redeveloper shall also pay in escrow to the Escrow Agent all escrow fees, charges and costs promptly after the Escrow Agent has notified the Redeveloper of the amount of such fees, charges and costs.

The Agency shall timely and promptly execute, acknowledge and deliver a deed or multiple deeds, and such other documents, as required and approved by the Title Company (as such term is defined hereafter), conveying to the Redeveloper title to the site in accordance with the requirements of Section 204 of this Agreement.

Upon delivery of a deed to the Escrow Agent by the Agency pursuant to Section 207 of this Agreement, the Escrow Agent shall record such deed or deeds when title can be vested in the Redeveloper in accordance with the terms and provisions of this Agreement. The Escrow Agent shall buy, affix and cancel any transfer stamps required by applicable law and pay any transfer tax required by law. Any insurance policies governing the Site are not to be transferred.

The Escrow Agent is authorized to:

1. Pay and charge the Redeveloper for any fees, charges and costs payable under this Section 202. Before such payments are made, the Escrow Agent shall notify the Redeveloper of the fees, charges and costs necessary to clear title and close the escrow, and shall promptly provide Redeveloper with a copy of all documents which support such fees, charges and costs.
2. Disburse funds and deliver the deeds and other documents to the parties entitled thereto when the conditions of this escrow have been fulfilled by the Agency and the Redeveloper; and
3. Record any instruments delivered through this escrow, if necessary or proper, to vest title in the Redeveloper in accordance with the terms and provisions of this Agreement.

All funds received in this escrow shall be deposited by the Escrow Agent in a general escrow account or accounts with a state or national bank doing business with the State of California. Such funds may be transferred to any other such general escrow account or accounts. All disbursements and allocations shall be made on the basis of a 30-day month.

If this escrow is not in condition to close before the time of conveyance established in Section 203 of this Agreement, either party who then shall have fully performed the acts required of such party to be performed before the conveyance of title may, in writing, terminate this agreement and demand the return of its money, papers or documents - Thereupon all obligations and liabilities of the parties under his Agreement shall cease and terminate. If neither the Agency nor the Redeveloper shall have fully performed the acts required to be performed by. such party before the time for conveyance established in Section 203, no termination *or* demand for return shall be recognized until ten (10) days after the Escrow Agent shall have mailed copies of such demand to the other party or parties at the address of its or their principal place or places of business and all parties agree to such termination. if any objections are raised within the 10-day period, the Escrow Agent is authorized to hold all money, papers and documents with respect to the Site until instructions are provided by mutual agreement of the parties or upon failure thereof by a court of competent jurisdiction. If no such demands are made, the escrow shall be closed as soon as possible.

The Escrow Agent shall not be obligated to return any such money, papers or documents except upon the written instructions of both the Agency and the Redeveloper, or until the party entitled hereto has been determined by a final decision of a court to competent jurisdiction.

Any amendment of these escrow instructions shall be in writing and signed by both the Agency and Redeveloper. At the time of any amendment, the Escrow Agent shall agree to carry out its duties as Escrow Agent under such amendment.

All communications from the Escrow Agent to the Agency or the Redeveloper shall be directed to the addresses and in the manner established in Section 105 and 601 of this Agreement for notices, demands and communications between the Agency and Redeveloper. Nothing in this Section 202 shall be construed as to impair or affect the rights or obligations of the Agency or the Redeveloper to specific performance.

The liability of the Escrow Agent under this Agreement is limited to performance of the obligations imposed upon it under Section 202 to 208, both inclusive, of this Agreement.

The Agency shall not be liable for any real estate commissions or brokerage fees which may arise herefrom. The Agency represents that it has not engaged any broker, agent or finder in connection with this transaction. The Redeveloper hereby agrees to indemnify and hold the Agency harmless in the event that such a claim may arise.

C. [s203] Conveyance of Title and Delivery of Possession

Subject to any mutually agreed upon extension of time, which shall not be unreasonably denied, delayed, conditioned or withheld, conveyance to the Redeveloper of title to the Site (in accordance with the provisions of Section 205 of this Agreement) shall be completed on or prior to the date specified in the Schedule of Performance (Attachment No. 4). The Agency and the Redeveloper respectively agree to perform all acts necessary for conveyance of title in sufficient time for title to be conveyed in accordance with the foregoing provisions.

Exclusive possession to the Site shall be delivered to the Redeveloper concurrently with the conveyance of title, except that limited access shall be permitted before conveyance of title as permitted in Section 216 of this, Agreement.

D. [s204] Form of Deed

The Agency shall convey to the Redeveloper title to the Site the condition provided in Section 205 of this Agreement by Grant Deed in a form mutually satisfactory to the Redeveloper, the title company which will insure the title herein, the Agency, and the Redeveloper's lender, if any, consistent with the terms of this Agreement.

E. [s205] Condition of Title

The Agency shall convey to the Redeveloper fee simple merchantable title to the Site free and clear of all recorded or unrecorded liens, encumbrances, easements, assessments, leases and taxes except those items that are disclosed in the Preliminary Title Report, and approved by the Redeveloper.

F. [s206] Subordination of Deed of Trust

The Agency shall execute subordination agreements as may be reasonably required by the Redeveloper's lender(s)

only for the purpose of securing loan of funds to be used for financing the development and/or permanent financing of the Site and any other purposes necessary and appropriate in connection with development under this Agreement.

G. [207] Time for and Place for Delivery of Deed

Subject to any mutually. agreed upon extensions of time, the subject to the provisions of this Agreement, the Agency shall deposit the deed(s) for the Site with the Escrow Agent on or before the date established, for the conveyance of the Site.

H. [s208] Payment of the Disposition Price and Recordation of Deed

The Redeveloper shall deposit the Disposition Price for the Site with the Escrow Agent in accordance with Section 201, upon or within twenty-four (24) hours prior to the date for conveyance thereof, provided that the Escrow Agent shall have notified the Redeveloper in writing that the deed, properly executed and acknowledged by the Agency, and all other documents required of Agency, have been delivered to the Escrow Agent, and that title is in: condition to be conveyed in conformity with the provisions of Section 205 of this Agreement. Upon the close of escrow the Escrow Agent shall file the deed(s) for recordation among the land records in the Office of the County Recorder of Los Angeles County; shall deliver the Disposition Price to the Agency; and shall deliver to the Redeveloper a title insurance policy insuring title in conformity with Section 209 of this Agreement.

I. [s209] Title Insurance

Concurrently with recordation of the deed, First American Title Company of Los Angeles, or some other title insurance company satisfactory to the Agency and the Redeveloper having equal or greater financial responsibility ("Title Company") , shall provide and deliver to the Redeveloper an ALTA owner policy of title insurance issued by the Title Company insuring that the title is vested in the Redeveloper in the condition required by Section 205 of this Agreement. The Title Company shall provide the Agency with a copy of the title insurance policy and it shall be in the amount of the total Disposition Price of the Site.

The Redeveloper shall pay for all premiums for title insurance coverage or special endorsements.

Concurrently with the recording of the deed conveying le to the Site, the Title Company shall, if requested

by the Redeveloper, provide the Redeveloper with an endorsement to insure the amount of the Redeveloper's estimate development costs of the improvements to be constructed upon the Site. The Redeveloper shall pay the entire premium of any such increase in coverage requested.

J. [s210] Taxes and Assessments

Ad valorem taxes and assessments, if on the Site, and taxes upon the Site, and Taxes upon this Agreement or any rights thereunder, levied, assessed or imposed for any period commencing prior to conveyance of title ' shall be borne by the Agency. All ad valorem taxes and assessments levied or imposed for any period commencing after closing of the escrow shall be paid by the Redeveloper.

K. [s211] Conveyance Free of Possession

Except as otherwise provided in the "Scope of Development," incorporated herein and attached to this Agreement as Attachment No. 5, the Site shall be conveyed free of any possession or right of possession by any person except that of the Redeveloper and the easements of record or as provided for in this Agreement.

L. [s212] Removal of Billboard

Agency shall use its best efforts to negotiate with the owner of any existing billboard on the Site for the removal of such billboard. Agency shall be solely responsible for the payment of any consideration that may be required in connection with the removal of any such billboard.

M.[s213] Zoning of the Site

The Zoning of the Site at the time of conveyance of the interest therein, shall be such as to permit development of the Site and construction of improvements thereon in accordance with the provisions of this Agreement including but not limited to the Scope of Development, and the use, operation and maintenance of such improvements. The Agency agrees to provide all proper assistance and cooperation to the Redeveloper to obtain all zoning, land use and other approvals so as to enable Redeveloper to meet requirements by the City of Hawaiian Gardens.

N. [s214] Condition of the Site

The Site shall be conveyed from the Agency to the Redeveloper in an "as is" condition. The Agency shall not be responsible for any items of site work.

It shall be the sole responsibility of the Redeveloper, at the Redeveloper's sole expense, to investigate and determine the soil conditions of the site and the suitability of such soil conditions for the improvements to be constructed by the Redeveloper. If the soil conditions are not in all respects entirely suitable for the use or uses to which the site will be put, then it is the sole responsibility and obligation of the Redeveloper to take such action as may be necessary to place the soil conditions of the Site in a condition suitable for the development of the Site.

O. [s215] Hazardous Substance

The Agency and Redeveloper hereby agree to equally share any and all costs, liabilities, damages, and claims directly or indirectly arising out of the presence, use, generation, storage, leakage, spillage or disposal of Hazardous Substances (as defined) on or about the subject site including without limitation: (i) All foreseeable and all unforeseeable consequential damages, directly or indirectly arising therefrom, and (ii) the cost of any required or appropriate repair, cleanup, characterization, study, remediation or detoxification and preparation of any reports or material related thereto, to the full extent that such action is attributable, directly or indirectly to the presence, use, generation, storage, release, threatened release or disposal of Hazardous Substances.

"Hazardous Substances" shall mean any materials, substances, or wastes, including without limitation all hydrocarbonic materials, which are or would be deemed flammable explosive, radioactive, hazardous, or toxic, pursuant to applicable federal, state, or local law, all substances which may be regulated by federal, state, or local law because they may present a present or future threat to human health or the environment, and all substances defined by applicable federal, state or local law as "hazardous substances," "hazardous materials," "toxic substances," or substances which, when present in applicable quantities or concentrations, require disclosure to the public, employees, or governmental agencies.

P. [s216] Preliminary Work by the Redeveloper

Prior to the conveyance of title from the Agency, representatives of the Redeveloper shall have the right of access to the Site at all reasonable times for the purpose of obtaining data and making surveys and tests necessary to carry out this Agreement.. The Redeveloper hereby indemnifies and holds the Agency harmless from and against any injury or damage arising out of any activity of the

Redeveloper, its agents, employees and contractors, performed and conducted on the Site pursuant to this Section 216. The Redeveloper shall have access to all data and information on the Site available to the Agency.

Any preliminary work undertaken on the Site by the Redeveloper prior to conveyance of title thereto shall be done only after written consent of the Agency and at the sole expense of the Redeveloper. The Redeveloper shall save and protect the Agency against any claims resulting from such preliminary work, access of use of the Site. Copies of data, surveys and tests obtained or made by the Redeveloper on the Site shall be filed with the Agency. Any preliminary work by the Redeveloper shall be undertaken only after securing any necessary permits from the appropriate governmental agencies.

Q. [s217] Submission of Evidence of Equity Capital and Mortgage Financing

If the Redeveloper finances the acquisition and development of the Site and related activities, such financing shall be subject to the approval of the Agency.

No later than the time specified in the Schedule of Performance (Attachment No. 4), the Redeveloper shall submit evidence satisfactory to the Agency that the Redeveloper has the equity capital and can obtain the commitments necessary for mortgage financing necessary for acquisition and development of the Site.

The Agency shall approve or disapprove such evidence of financing commitments within the times established in the Schedule of Performance (Attachment No. 4).

III. [s300] DEVELOPMENT OF THE SITE

A. [s301] Development of the Site by the Redeveloper

1. [s302] Scope of Development

The Site shall be developed as provided in the Scope of Development (Attachment No. 5) and plans approved by the Agency pursuant thereto, which approval shall not be unreasonably denied, delayed, conditioned or withheld.

2. [s303] Basic Concept Drawings

Within the time set forth in the Schedule of Performance (Attachment No. 4), the Redeveloper shall prepare and submit to the Agency for review and written approval Basic Concept Drawings and related documents containing the overall plan for development of the Site.

The Agency shall cooperate with the Redeveloper in completing the Basic Concept Drawings and related documents. The Agency shall approve or disapprove the Basic Concept Drawings within the time established in the Schedule of Performance (Attachment No. 4). Failure by the Agency to either approve or disapprove within the established times shall be deemed an approval. Any disapproval shall state in writing the reasons for disapproval.

The Site shall be developed as generally established in the Basic Concept Drawings and related documents except as changes that may be mutually agreed upon between the Redeveloper and the Agency, and the approval for such changes shall not be unreasonably denied, delayed, conditioned or withheld. The Basic Concept Drawings and related documents and any changes thereto shall be within the limitations of the Scope of Development (Attachment No. 5).

3. [s304] Construction Plans, Drawings and Related Documents

The Redeveloper shall prepare and submit construction plans, drawings and related documents to the Agency for architectural review and written approval as and at the times established in the Schedule of Performance (Attachment No. 4). The construction plans, drawings and related documents shall be submitted in two stages: Preliminary and Final Working Drawings. Final drawings, and plans are hereby defined as those in sufficient detail to obtain a building permit. The Redeveloper shall have the right to submit construction plans, drawings and related documents which are sufficient for the issuance of the foundation only permit (the "Foundation-Only Plans"), and upon the Agency's approval of the Foundation Only Plans, the Redeveloper shall be entitled to commence construction on the improvements described in the Foundation Only Plans. Approval of progressively more detailed drawings and specifications will be promptly granted by the Agency if they are not in conflict with drawings or specifications theretofore approved. Any items so submitted and approved in writing by the Agency shall not be subject to subsequent disapproval.

The Redeveloper shall also prepare and submit to the Agency for its approval preliminary and final landscaping and furnish grading plans for the Site. Such preliminary and final plans shall be prepared and submitted within the time established in the Schedule of Performance subject to extensions as may be authorized herein or as mutually agreed to by the parties hereto.

During the preparation of all drawings and plans, Agency staff and the Redeveloper, or its agents, shall hold regular progress meetings to coordinate the preparation, submission, and review of construction plans and related documents. The Agency and the Redeveloper shall communicate and consult informally as frequently as is necessary to insure that the formal submittal of any documents to the Agency can receive prompt and speedy consideration.

If any revisions or corrections of plans approved by the Agency shall be required by any governmental official, agency, department or bureau having jurisdiction, or any lending institution involved in financing, the Redeveloper and the Agency shall cooperate in efforts to obtain waiver of such requirements or to develop a mutually acceptable alternative. If no such alternative is developed, the Agency shall be bound by such revisions or corrections if they are not inconsistent with approved construction drawings and related documents. The Agency shall not unreasonably deny, delay, condition or withhold the approval of any changes determined to be immaterial by the Agency to the working drawings and plans which were submitted by the Agency to the working drawings and plans which were submitted by Redeveloper between the preliminary drawing stage and the final drawing stage. Agency agrees to use its best efforts to assist Redeveloper to obtain approval from the City departments on a timely basis.

4. [s305] Agency Approved Plans, Drawings and Related Documents

Subject to the terms of this Agreement, the Agency shall have the right of reasonable architectural review of all plans and drawings, including any changes therein. The Agency agrees that the Redeveloper needs to submit plans and other documents for architectural review only to the Agency, and the Agency shall obtain any architectural review required by any agency, department, board or commission of the City within the times required hereunder for review of such plans and submissions and changes therein by the Agency, provided, however, that nothing herein shall relieve Redeveloper of any obligation to submit plans and submissions for building permits to City departments or other agencies.

5. [s306] Cost of Construction

The cost of developing the Site and constructing all improvements thereon shall be borne by the Redeveloper, except for work expressly set forth in this Agreement to be performed by the Agency or others. The Agency and the

Redeveloper shall each pay the costs necessary to administer and carry out their respective responsibilities and obligations under this Agreement.

6. [s307] Schedule of Performance

After the conveyance of title to the Site as provided herein, the Redeveloper shall promptly begin and thereafter diligently prosecute to completion the construction of the improvements on the Site and the development thereof as provided in the Scope of Development (Attachment No. 5) . The Redeveloper shall begin and complete all construction and development within the times specified in the Schedule of Performance (Attachment No. 4) or such reasonable extension of said dates as may be granted by the Agency or as provided in Section 604 of this Agreement. Once construction has commenced, it shall be diligently pursued to completion, and shall not be abandoned for more than thirty (30) consecutive days, except when due to causes beyond the control or without the fault of the party responsible for performing the work. The Schedule of Performance is subject to revision from time-to-time as mutually agreed upon in writing between the Redeveloper and the Agency.

During the period of construction, but not more frequently than once a month, the Redeveloper shall submit to the Agency a written progress report of the construction when requested by the Agency. The report shall be in such form and detail as may reasonably be required by the Agency and shall include a reasonable number of construction photographs taken since the last report submitted by the Redeveloper.

7. [s308] Bodily Injury, Property Damage and Workers' Compensation Insurance

Prior to the commencement of construction of the Site or any portion thereof, the Redeveloper shall furnish or cause to be furnished to the Agency-duplicate originals or appropriate certificates of bodily injury and property damage liability insurance policies in the amount, of at least \$1,000,000 for any person \$1,000,000 for any occurrence and \$1,000,000 property damage, naming the Agency and the City as additional or co-insureds. The Redeveloper shall also furnish or cause to be furnished to the Agency evidence satisfactory to the Agency that any contractor with whom it has contracted for the performance of work on the Site carries Workers Compensation Insurance as required by law. The obligations set forth in this Section 308 shall remain in effort only until a final Certificate of Completion has been furnished for the entire Site as hereinafter provided in Section 324 hereof.

8. [s309] State Labor Code Requirements

Redeveloper acknowledges the provisions of the State Labor Code requiring every employer to be insured against liability for workers' compensation or. to undertake self-insurance in accordance with the provisions of the code and certifies compliance with such provisions. Redeveloper further acknowledges the provisions of the State Labor Code requiring every employer to pay at least the minimum prevailing rate of per diem wages for each craft classification or type of workman needed to execute Off-Site Public Improvement construction activity as determined by the Director of Labor Relations of the State of California.

9. [s310] City and Other Governmental Agency

Before commencement of construction or development of any buildings, structures or other work of improvement upon the Site the Redeveloper shall, at its own expense, secure or cause to be secured any and all permits which may be reasonably required by the City or any other governmental agency affected by such construction, development or work including but not limited to any permit required by the Agency's Architectural Guidelines and Signing Policy. The Agency shall provide all proper assistance to the Redeveloper in securing these permits.

10. [s311] Rights of Access

For the purpose of assuring compliance with this Agreement, representatives of the Agency and the City shall have the reasonable right of access to the Site or any part thereof without charges or fees, and at normal construction hours during the period of construction for the purposes of determining compliance with plans approved under this Agreement, or the provisions of the Redevelopment Plan, including, but not limited to, the inspection of the work being performed in constructing the improvements. The Agency agrees to use its best efforts to give the Redeveloper prior notice of inspection by representatives of the Agency. Such, representatives Of the Agency or the City shall be those who are so identified in writing by the Executive Director of the Agency. The Agency and City shall indemnify and defend the Redeveloper and hold it harmless from any damage caused or liability arising out this right to access.

11. [s312] Local, State and Federal Laws

The Redeveloper shall carry out the construction of the improvements in conformity with all applicable laws, including all applicable federal and state labor standards.

12. [s313] Antidiscrimination During construction

The Redeveloper, for itself and its successors and assignees agrees that in the construction of the improvements on the Site provided for in this Agreement, the Redeveloper will not discriminate against any employee or applicant for employment because of sex, marital status, race, color, creed, religion, ancestry or national origin. The Redeveloper shall satisfy its covenants herein to bind its successors and assigns by following the Procedures set forth in Section 403 below concerning the inclusion of certain language in all deeds, leases and contracts, including construction contracts.

B. [314] Responsibilities of the Agency

The Agency, without expense to the Redeveloper or assessment or claim against the Site, shall perform all work specified herein and in the Scope of Development Attachment No. 5) for the Agency to perform within the times specified in the Schedule of Performance (Attachment No. 4).

C. [s315] Taxes, Assessments, Encumbrances and Liens

The Redeveloper shall pay when due all real estate taxes and assessments assessed and levied on the Site for any period subsequent to conveyance of title to or delivery of possession of the Site. Prior to the conveyance of a Certificate of Completion, the Redeveloper shall not place or allow to be placed on the Site any mortgage, trust deed, encumbrance or lien unauthorized by this Agreement. The Redeveloper shall remove or have removed any levy or attachment made on the Site (or any Portion thereof), or shall assure the satisfaction thereof, within a reasonable time, but in any event prior to a sale thereunder. Nothing herein constrained shall be deemed to prohibit the Redeveloper from contesting the validity or amounts of any tax, assessment, encumbrance or lien, nor to limit the remedies available to the Redeveloper in respect thereto. The covenants of the Redeveloper set forth in this Section 315 relating to the placement of any unauthorized mortgage, trust deed, encumbrance or lien shall remain in effect only until a Certificate of Completion of Construction has been recorded with respect to the Site upon which any unauthorized mortgage, trust deed, encumbrance or lien might be placed.

0. [s316] Prohibition Against Transfer of Site, the Buildings or Structures Thereon and Assignment of Agreement

After conveyance of title and prior to the delivery by Agency to Redeveloper for recordation of a Certificate of Completion pursuant to Section 324, the Redeveloper shall not, except as permitted by this Agreement, sell, transfer, convey, assign or lease the whole or any part of the Site or the buildings or improvements thereon without the prior written approval of the Agency. This prohibition shall not apply subsequent to the recordation of the Certificate of Completion with respect to the improvements upon the Site. This prohibition shall not be deemed to prevent the granting of easements or permits to facilitate the development of the Site or to prohibit or restrict the negotiation or leasing of any part or parts of a building or structure to be effective at or about such time as said improvements are substantially completed, nor shall it prohibit granting any security interest expressly described in this Agreement for financing the acquisition and development of the Site.

In the absence of specific written agreement by the Agency, no such transfer, assignment or approval by the Agency shall be deemed to relieve the Redeveloper or any other party from any obligations under this Agreement until completion of development as evidenced by a Certificate of Completion.

E. [s317] Security Financing; Right of Holder

1. [s318] No Encumbrances Except Mortgages, Deeds of Trust, Sale and Lease Back or Other Financing for Development

Notwithstanding Sections 315 and 316, mortgages, deeds of trust, sales and lease-back or any other form of conveyance required for any reasonable method of financing are permitted before issuance of a Certificate of Completion, but only for the purpose of securing loans of funds to be used for financing the acquisition of the Site, the construction of improvements on the Site and any other expenditures necessary and 'appropriate to develop the Site under this Agreement. The Redeveloper shall notify the Agency in advance of any mortgage, deed of trust, sale and lease-back or other form of conveyance for financing if the Redeveloper proposes to enter into the same before issuance of a Certificate of Completion. The Redeveloper shall not enter into any such conveyance for financing without the prior written approval of the Agency.

The words "mortgage" and "deed of trust," as used herein, include all other appropriate modes of financing real estate acquisition, construction and land development, except where such financing is as a result of an assignment allowed pursuant to this Agreement.

2. [s319] Holder Not Obligated to Construct Improvements

The holder of any mortgage, deed of trust or other security interest authorized by this Agreement shall in no way be obligated by the provisions of this Agreement to construct or complete the improvements or to guarantee such construction or completion, nor shall any covenant or any other provision in the deed for the Site be construed so as to obligate such holder. Nothing in this Agreement shall be deemed to construe, permit or authorize any such improvements thereon other than those uses or improvements provided for or authorized by this Agreement.

3. [320] Notice of Default to Mortgage, Deed of Trust or Other Security Interest Holders; Right to Cure

Whenever the Agency shall deliver any notice or demand to the Redeveloper with respect to any breach or default by the Redeveloper in completion of construction of the improvements, the Agency shall at the same time deliver to each holder of record of any mortgage, deed of trust or other security interest authorized by this Agreement a. copy of such notice or demand. Each such holder shall (insofar as the rights of the Agency, are concerned) have the right, at its option, within thirty (30) days after the receipt of the notice, to cure or remedy or commence to cure or remedy any such default and to add the cost thereof to the security interest debt and the lien on its security interest. Nothing contained in this Agreement shall be deemed to permit or authorize such holder to undertake or continue the construction or completion of the improvements. beyond the extent necessary to conserve or protect the improvements already made) without first having expressly assumed the Redeveloper's obligations to the Agency. The holder in that event must agree to complete in the matter provided in this Agreement, the improvements to which the lien or title of such holder related and submit evidence satisfactory to the Agency that it has the qualifications and financial responsibility necessary to perform such obligations. Any such holder properly completing such improvements shall be entitled, upon written request made to the Agency, to a Certificate of Completion from the Agency. The Agency will cooperate with any construction or permanent lender

to modify the provisions of this Section 320 to the extent reasonably prudent for the Agency and necessary to meet the requirements of such lender.

4. [s321] Failure of Holder to Complete Improvements

In any case where, three (3) months after default by the Redeveloper in completion of construction of improvements under this Agreement, the holder of any mortgage, deed of trust or other security interest creating a lien or encumbrance upon the Site has not exercised the option to construct, or if it has exercised the option and has not proceeded diligently with construction, the Agency may purchase the mortgage, deed of trust or other security interest by payment to the holder of the amount of the unpaid debt, plus any accrued and unpaid interest. If the ownership of the Site has vested in the holder, the Agency, if it so desires, shall be entitled to a conveyance from the holder to the Agency upon payment to the holder of an amount equal to the sum of the following:

- (a) The unpaid mortgage, deed of trust or other security interest debt at the time title became vested in the holder (less all appropriate credits, including those resulting from collection and application of rentals and other income received during foreclosure proceedings);
- (b) All expenses with respect to foreclosure;
- (c) The net expenses, if any (exclusive of general overhead), incurred by the holder as a direct result of the subsequent management of the Site;
- (d) The cost of any improvements made by such holder; and
- (e) An amount equivalent to the interest that would have accrued on the aggregate of such amounts had all such amounts become part of the mortgage or deed of trust debt and such debt had continued in existence to the date of payment by the Agency.

5. [s322] Right of Agency to Cure Mortgage, Deed of Trust or other Security Interest; Default

In the event of a default or breach by the Redeveloper of a mortgage, deed of trust or other security interest with respect to the Site prior to the completion of development, and the holder has not exercised its option to complete the development, the Agency may cure the default prior to completion of any foreclosure. In such event, the Agency shall be entitled to reimbursement from the, Redeveloper of all costs and expenses incurred by the Agency in curing the default. The Agency shall -also be entitled to a lien upon the Site to the extent of such costs and disbursements. Any such lien shall be subject to mortgages, deeds of trust or other security interests executed for the sole purpose of obtaining funds to develop the site as authorized herein.

F. [s323] Right of the Agency to Satisfy Other Liens on the Site After Title Passes

After the conveyance of title and prior to the recordation of a Certificate of Completion for construction and development, and after the Redeveloper has had a reasonable time to challenge, cure or satisfy any liens or encumbrances on the Site, the Agency shall have the right to satisfy any such liens or encumbrances; provided, however, that nothing in this Agreement shall require the Redeveloper to pay or make provisions for the payment of any tax, assessment, lien or change so long as the Redeveloper in good faith shall contest the validity or amount thereof, and so long as such delay in payment shall not subject the Site to forfeiture or sale.

G. [s324] Certificate of Completion

Promptly after completion 'of all construction and development to be completed by the Redeveloper upon the Site, the Agency shall furnish the Redeveloper with a Certificate of Completion upon written request therefor by the Redeveloper. Such Certificate of Completion shall constitute evidence of satisfactory completion of the construction and development required by this Agreement upon the Site. Such Certificate of Completion shall be in such form as to permit it to be recorded in the office of the Recorder of Los Angeles County.

After the recordation of the Certificate of Completion, any party then owning or 'thereafter purchasing, leasing, or otherwise acquiring any interest in the Site covered by said Certificate of Completion shall not (because of such ownership, purchase, lease or acquisition) incur any obligation or liability under this

Agreement, except that such party shall be bound by any covenants contained in the deed, lease, mortgage, deed of trust, contract or other instruments of transfer in accordance with the provisions of Section 401-404 of this Agreement. Except as otherwise provided herein, after the issuance of a Certificate of Completion for the Site, neither the Agency, the City nor any other person shall have any rights, remedies or controls with respect to the Site that it would otherwise have or be entitled to exercise under this Agreement as a result of a default in or breach of any provisions of this Agreement, and the respective rights and obligations of the parties with reference to the Site shall be as set forth in the deed of the Site from the Agency to the Redeveloper which shall be in accordance with the provisions of Section 401-404 of this Agreement.

If the Agency refuses or fails to furnish a Certificate of Completion for the Site after written request from the Redeveloper, the Agency shall within twenty (20) days of the written request, provide the Redeveloper with a written statement of the reasons the Agency refuses or failed to furnish a Certificate of Completion. The statement shall also contain the Agency's opinion of the action the Redeveloper must take to obtain a Certificate of Completion. If the reason for such refusal is confined to the immediate availability of specific items of materials for landscaping, the Agency will issue its Certificate of Completion upon the posting of a bond by the Redeveloper with the Agency in an amount representing a fair value of the work not yet completed. If the Agency shall have failed to provide such written statement within said 20 day period, the Redeveloper shall be deemed entitled to the Certificate of Completion, and the Agency shall immediately deliver the Certificate of Completion to the Redeveloper.

Such Certificate of Completion shall not constitute evidence of compliance with or satisfaction of any obligation of the Redeveloper to any holder of a mortgage or any insurer of mortgage securing money loaned to finance the improvements or any part thereof. Such Certificate of Completion is not notice of completion as referred to in California Civil code Section 3093.

IV. [s400] USE OF THE SITE

A. [s401] Uses

The Redeveloper covenants and agrees for itself, its successors, its assigns and every successor in interest that during construction and thereafter, the Redeveloper, its successor and assignees shall devote the Site to the

uses specified in the Redevelopment Plan, the deed and this Agreement for the periods of time specified therein and shall include in any lease of all or a portion of the Site the requirement that any use or improvements of the Site including but not limited to signs shall be governed by and be consistent with the Agency's Architectural Guidelines and Signing Policy. The foregoing covenant

shall run with the land. The Redeveloper shall satisfy its covenant herein to bind its successors and assigns by following the procedures set forth in Section 403 below concerning the inclusion of certain language in all deeds, leases and contracts.

B. [s402] Obligation to Refrain from Discrimination

The Redeveloper covenants by and for himself and any successors in interest that there shall be no discrimination against or segregation of any person or group. of persons an account of race, color, creed, religion, sex, martial status, ancestry or national origin in the sale, lease, sublease, transfer, use, occupancy 1. tenure or enjoyment of the Site, nor shall the Redeveloper himself or any person claiming under or through him establish or permit any such practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the Site. The foregoing covenants shall run with the land.

C. [s403] Form of Nondiscrimination and Nonsegregation Clauses

The Redeveloper shall refrain from restricting the rental, sale or lease of the Site an the basis of race, color, creed, religion, sex, marital status, ancestry or national origin of any person. All such deeds, leases or contracts shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses.

1. In deeds: "The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through him, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, sex marital status, national origin, or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises herein conveyed, or shall the grantee or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection,

location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land."

2. In leases: "The lessee herein covenants by and for himself or herself, his or hers heirs, executors, administrators, and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions:

That there shall be no discrimination against or segregation of any person or group of persons, on account of race, color, creed, religion, sex, marital status, national origin, or ancestry, in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the premises herein leased nor shall the lessee himself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the premises herein leased."

3. In contracts: "There shall be no discrimination against or segregation of any person or group of persons, on account of race, color, creed, religion, sex, marital status, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises, nor shall the transferee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy, of tenants, lessees, subtenants, sublessees or vendees of the land."

D. [s404] Effect and Duration of Covenants

After issuance of a Certificate of Completion of improvements constructed on the Site, all of the terms, covenants, agreements and conditions set forth in this Agreement pertaining thereto shall cease and terminate excepting only the following provisions which shall survive as follows in accordance with their provisions.

1. Section 109, 201 and 208 of this Agreement relating to the Agency's consideration for entering into this Agreement) shall remain in effect so long as any payments due the Agency pursuant to such sections remain to be made.

2. Sections 205 through 216 of this Agreement (relating to obligations of Agency in connection with the Site) shall remain in effect in perpetuity.
3. Section 401 (relating to uses) shall remain in effect until December 31, 2017 (the termination date of the Redevelopment Plan).
4. Section 402 and 403 (relating to nondiscrimination) and the last two (2) paragraphs of this Section 404 shall remain in effect in perpetuity.
5. Section 501 through 513 (relating to defaults and remedies) shall remain in effect to the extent necessary to enforce other provisions of this Agreement.

The covenants established in this Agreement and the deed shall, without regard to technical classification and designation, be binding for the benefit and in favor of the Agency, its successors and assignees, the City and any successor in interest to the Site or any part thereof.

The Agency is deemed the beneficiary of the terms and provisions of this Agreement and of the covenants running with the land, for and in its own rights and for the purposes of protecting the interests of the community and other parties, public or private, in whose favor and for whose benefit this Agreement and the covenants running with the land have been provided. This Agreement and the covenant shall run in favor of the Agency without regard to whether the Agency has been, remains or is an owner of any land or interest therein in the Site, any parcel or sub parcel, or in the project area. The Agency shall have the right, if the Agreement or covenants are breached, to exercise all rights and remedies and to maintain any actions or suits at law or in equity or other proper proceedings to enforce the curing of such breaches to which it or any other beneficiaries of this Agreement and covenants may be entitled.

E. [s405] Rights of Access - Public Improvements and Facilities

The Agency, for itself and for the City and other public agencies, at their sole risk and expense, reserves the right to enter the Site or any part thereof at all reasonable times and with as little interference as possible for the purposes of construction, reconstruction, maintenance, repair or service of any public improvements or public facilities located on the Site. Any such entry

shall be made only after reasonable notice to the, Redeveloper, and the Agency shall indemnify and hold the Redeveloper harmless from any claim or liabilities pertaining to any such entry. Any damage or injury to the Site resulting from such entry shall be promptly repaired at the sole expense of the public agency responsible for the entry.

V. [s500] DEFAULTS, REMEDIES AND TERMINATION

A. [s501] Defaults - General

Subject to the extensions of time set forth in Section 604, failure or delay by either party to perform any term or provision of this Agreement constitutes a default under this Agreement. The party who so fails or delays must immediately commence to cure, correct or remedy such failure or delay and shall complete such cure, correction or remedy with reasonable diligence and during any period of curing shall not be in default.

The injured party shall give written notice of default to the party in default specifying the default complained of by the injured party. Except as required to protect against further damages, and except as otherwise expressly provided in Sections 507 and 508 of this Agreement, the injured party may not institute proceedings against the party in default until thirty (30) days after giving such notice. Failure or delay in giving such notice shall not constitute a waiver of any default nor shall it change the time of default.

Except as otherwise expressly provided in this Agreement, any failure or delay by either party in asserting any of its rights or remedies as to any default shall not operate as a waiver' of any default or of any such rights or remedies or deprive such party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

B. [s502] Legal Action

1. [s503] Institution of Legal Action

In addition to any other rights or remedies, either party may institute legal action to cure, correct or remedy any default, or recover damages for any default, or to obtain any other remedy consistent with the purpose of this Agreement. Such legal actions must be instituted in the Superior court of the County of Los Angeles, State of California, or in any other -appropriate court of that County, or in the Federal District Court.

2. [s504] Applicable Law

The laws of the State of California shall govern the interpretation and enforcement of this Agreement.

3. [s505] Acceptance of Service of Process

In the event that any legal action is commenced by the Redeveloper against the Agency, service of process on the Agency shall be made by personal service upon the Executive Director of the Agency or in such other manner as may be provided by law.

In the event that any legal action is commenced by the Agency against the Redeveloper, service of process on the Redeveloper shall be made by personal service upon the Redeveloper or in such other manner as may be provided by law and shall be valid whether made within or without the State of California.

C. [sS06] Rights and Remedies are Cumulative

Except as otherwise expressly stated in this Agreement, the rights and remedies of the parties are cumulative, and the exercise by any party of one or more of such rights or remedies shall not preclude the exercise by it, at the same time or different times, of any other rights or remedies for the same default or any other default by the other party.

D. [s507] Damages

If the Redeveloper or the Agency default with regard to any of the provisions of this Agreement, the nondefaulting party shall serve written notice of such default upon the defaulting party. If the default, is not cured or commenced to be cured by the defaulting party within thirty (30) days after service of the notice of default, the defaulting party shall be liable to the other party for any damages caused by such default.

E. [s508] Specific Performance

If the Redeveloper or the Agency defaults under any of the provisions of this Agreement, the nondefaulting party shall serve written notice of such default upon the defaulting party. If the default is not commenced to be cured within thirty (30) days after service of the notice of default and is not cured promptly within a reasonable time after the commencement, the nondefaulting party, at its option, may institute action for specific performance under the terms of this Agreement.

F. [s509] Remedies and Rights of Termination Prior to Conveyance of the Site to the Redeveloper

1. [s510] Termination by the Redeveloper

In the event that prior to conveyance of title to the site to the Redeveloper:

- (a) The Agency does not tender conveyance of the Site or possession thereof in the manner and condition and by the dates provided in this Agreement, and any such failure is not cured or commenced to be cured within sixty (60) days after written demand by the Redeveloper, then this Agreement shall, at the option of the Redeveloper, be terminated by written notice thereof to the Agency; or
- (b) The Redeveloper furnishes evidence satisfactory to the Agency that Redeveloper has been unable, after and despite diligent efforts, to obtain financing commitments from financial institutions sufficient to enable Redeveloper to finance the acquisition of the Site, which failure occurs prior to the data set forth in the Schedule of Performance for the submission to the Agency for financing commitments, then this Agreement shall, at the option of the Redeveloper, be terminated by written notice thereof to the Agency.

In the event of termination under subdivision (a) of this Section 510, neither the Agency nor the Redeveloper shall have any further rights against or liability to the other under this Agreement, and the Agency shall return the Deposit to the Redeveloper as provided in Section 108. In the event of termination under subdivision (b) of this Section 510, the Agency may deduct from any amount remaining under the Deposit any funds necessary to reimburse Agency for costs incurred in connection with the Purchase, Relocation and Goodwill Claims of the Site by the Agency. Any remaining balance of the Deposit shall be returned to Redeveloper.

2. [s511] Termination by the Agency

In the event that prior to conveyance of title to the Site to the Redeveloper:

- (a) The Redeveloper assigns or attempts to assign this Agreement or any rights therein or in the Site in violation of this Agreement; or
- (b) There is any significant voluntary change in the ownership or identity of the Redeveloper or the parties in control of the Redeveloper or the degree thereof contrary to the provisions of Section 107 hereof; or
- (c) The Redeveloper does not submit evidence that it has the necessary equity capital and mortgage financing for acquisition and development of the Site in reasonably satisfactory form *and in* the manner and by the dates provided in this Agreement; or
- (d) The Redeveloper fails to submit to the Agency construction plans, drawings and related documents are required by this Agreement; or
- (e) The Redeveloper does not pay the Disposition Price and take title to the Site under a tender of conveyance by the Agency pursuant to this Agreement; or
- (f) If any default or failure referred to in subdivision (d) and (e) of this Section shall not be cured within thirty (30) days after the date of written demand by the Agency;

then, this Agreement, and any rights of the Redeveloper or any assignee or transferee in this Agreement pertaining thereto or arising therefrom with respect to the Agency, shall, at the option of the Agency, be terminated by the Agency.

In the event of termination of this Section 511, the Deposit may be retained by the Agency as liquidated damages and as its property without any deduction, offset or recoupment whatsoever. If the Redeveloper should default upon its obligations making it necessary for the Agency to terminate this Agreement and to procure another party or parties to redevelop the Site in substantially the manner and *within the* period that such Site would be redeveloped under the terms of this Agreement, then the damages suffered by the Agency by reason thereof would be uncertain. Such damages would involve such variable

factors as the consideration which such party would pay for the Site; the expenses of continuing the ownership and control of the Site; of interesting parties and negotiating with such parties; postponement of tax revenues therefrom to the community; and the failure of the Agency to effect its purposes and objectives within a reasonable time, resulting in additional immeasurable damage and loss to the Agency and the community. It is impracticable and extremely difficult to fix the amount of such damages to the Agency, but the parties are of the opinion, upon the basis of all information available to them, that such damages would approximately equal the amount of the Deposit held by the Agency at the time of the default of the Redeveloper, and the amount of such Deposit shall be paid to the Agency upon any such occurrence as the total of all liquidated damages for any and all such defaults and not as a penalty. in the event that this paragraph should be held to be void f or any reason, the Agency shall be entitled to the full extent of damages otherwise provided by law.

The Redeveloper specifically acknowledges this liquidated damages provision by it signature here:

CERRITOS GARDENS GENERAL HOSPITAL COMPANY, a California Limited Partnership

BY:

Irving Moskowitz, M.D.,
General Partner

DATE: , 1993

[s512] Option to Repurchase Reenter & Repossess

The Agency shall have the additional right at its option to repurchase, reenter and take possession of the Site with all improvements thereon, if after conveyance of title to the Site and prior to the recordation of the Certificate of Completion therefor, the Redeveloper shall:

1. Fail to proceed with the construction of the improvements as required by this Agreement for a period of six (6) months after written notice thereof from the Agency, provided that the Redeveloper shall not have obtained an extension or postponement to which the Redeveloper may be entitled pursuant to Section 604 hereof; or
2. Abandon or substantially suspend construction of the improvements for a period of three (3) months after written notice of such abandonment or suspension from the Agency, provided that the Redeveloper shall not have obtained an extension

or postponement to which the Redeveloper may be entitled pursuant to Section 604 hereof; or

3. Transfer or suffer any involuntary transfer of the Site or any part thereof in violation of this Agreement.

Such right to repurchase, reenter and repossess, to the extent provided in this Agreement, shall be subordinate and subject to and be limited by and shall not defeat, render invalid or limit:

1. Any mortgage, deed of trust or other security instrument permitted by this Agreement; or
2. Any rights or interests provided in this Agreement for the protection of the holder of such mortgage, deeds of trust or other security instruments.

To exercise its right to repurchase, reenter and take possession with respect to the Site, the Agency shall pay to the Redeveloper in cash an amount equal to:

1. The Disposition price paid to the Agency for the Site, plus
2. The costs incurred for on-site labor and materials for the construction of the improvements existing on the Site at the time of the repurchase, reentry and repossession.

H. [s513] Right of Reverter

The Agency shall have the additional right, at its option, to reenter and take possession of the Site with all improvements thereon and revert in the Agency the estate theretofore conveyed to the Redeveloper, if after conveyance of title to the Site and prior to recordation of the Certificate of Completion, the Redeveloper shall:

1. Fail to proceed with the construction of the improvements as required by this Agreement for a period of six (6) months after written notice thereof from the Agency, provided that the Redeveloper shall not have obtained an extension or postponement to which the Redeveloper may be entitled pursuant to Section 604 hereof; or
2. Abandon or subsequently suspend construction of the improvements for a period of three (3) months after written notice of such abandonment or suspension from the Agency, provided that the

Redeveloper shall not have obtained an extension or postponement to which the Redeveloper may be entitled pursuant to Section 604 hereof; or

3. Transfer or suffer any involuntary transfer of the Site or any part thereof in violation of this Agreement.

Such right to reenter, repossess and revest to the extent provided in this Agreement shall be subordinate and subject to and be limited by and shall not defeat, render invalid or limit:

1. Any mortgage, deed of trust or other security instrument permitted by this Agreement; or
2. Any rights or interest provided in this Agreement for the protection of the holder of such mortgages, deeds of trust or other security instruments.

The deed shall contain appropriate reference and provision to give effect to the Agency's right, as set forth in this Section under specified circumstances prior to the recordation of the Certificate of Completion, to reenter and take possession of the Site with all improvements thereon and to terminate and revest in the Agency the estate conveyed to the Redeveloper.

Upon the revesting in the Agency of title to the Site or any part thereto as provided in this Section, the Agency shall, pursuant to its responsibilities under state law, use its best efforts to resell the Site or part thereof as soon as, and in such a manner as the Agency shall find feasible and consistent with the objectives of such law and of the Redevelopment Plan to a qualified and reasonable party or parties (as determined by the Agency) who will assume the obligation of making or completing the improvements, or such other improvements in their stead, as shall be satisfactory to the Agency and in accordance with the uses specified for the Site or part thereof in the Redevelopment Plan. Upon such resale of the Site, the proceeds thereof shall be applied:'

1. First, to reimburse the Agency on its own behalf or on behalf of the City for all costs and expenses incurred by the Agency, including, but not limited to, acquisition, relocation, goodwill, salaries to personnel in connection with the recapture, management and resale of the Site or part thereof (but less any income derived by the Agency from the Site or part thereof in connection with such management) ; all taxes, assessments and

water and sewer charges with respect to the Site or part thereof (or, in the event the Site is exempt from taxation or assessment or such charges during the period of ownership, then such taxes, assessments or charges as determined by the County assessing official as would have been payable if the Site were not so exempt); any payments made or necessary to be made to discharge or prevent from attaching or being made any subsequent encumbrances or liens due to obligations, defaults, or acts of the Redeveloper, its successor or transferees, any expenditures made or obligations incurred with respect to the making or completion of the improvements or any part thereof on the Site or part thereof; and any amounts otherwise owing the Agency by the Redeveloper, and its successor or transferee; and

2. Second, to reimburse the Redeveloper, its successor or transferee, up to the amount equal to: (a) the sum of the Disposition Price paid to the Agency by the Redeveloper for the Site (or allocable to the part thereof); plus (b) the costs incurred for the development of the Site and for the improvements of the Site at the time of the reentry and repossession; less (c) any gains or income withdrawn or made by the Redeveloper from the Site or the improvements thereon.

Any balance remaining after such reimbursements shall be retained by the Agency as its property.

To the extent that the rights established in this Section involve a forfeiture, it must be strictly interpreted against the Agency, the party for whose benefit it is created. The right established in this Section are to be interpreted in light of the fact that the Agency will convey the Site to the Redeveloper for development and not for speculation in undeveloped land.

VI. [s600] GENERAL PROVISIONS

A. [s601] Notices, Demands and Communications Between the Parties

Formal notices, demands and communications between the Agency and the Redeveloper shall be sufficiently given if dispatched by registered or certified mail, postage prepaid, return receipt requested, to the principal offices of the Agency and the Redeveloper as set forth in Section 105 hereof, along with a copy thereof to their respective attorneys. Such written notices, demands and communications may be sent in the same manner to such

other addresses as either party may from time-to-time designate by mail. Any such notice, demand or communication shall be deemed to have been received 72 hours after having been dispatched.

B. [s602] Conflicts of Interest

No member, official or employee of the Agency shall have any personal interest, direct or indirect, in this Agreement, nor shall any such member, official or employee participate in any decision relating to this Agreement which affects his personal interests or the interests of any corporation, partnership or association in which he is directly or indirectly interested.

The Redeveloper warrants that it has not paid or given, and will not pay or give, any third person any money or other consideration for obtaining this Agreement.

C. [s603] Nonliability of Agency Officials and Employees; Reciprocal Nonliability of Partners or Principals of Redeveloper

No member, official or employee of the Agency shall be personally liable to the Redeveloper, or any successor in interest in the event of any default or breach by the Agency or for any amount which may become due to the Redeveloper or to its successor, or on any obligations under the terms of this Agreement. Similarly no partner or principal of Redeveloper shall be personally liable to the Agency; or any successor in interest, in the event of any default or breach by the Redeveloper or for any amount which may become due to the Agency or to its successor, on or any obligations under the terms of this Agreement, it being understood that Agency will look solely to the Site to obtain redress for any failure to perform by the Redeveloper.

D. [s604] Enforced Delay: Extension of Time of Performance

In addition to the specific provisions of this Agreement, performance by any party hereunder shall not be deemed to be in default where delays or defaults are due to war; insurrection; strikes; lock-outs; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; lack of transportation; governmental restrictions or priority; litigation; unusually severe weather; inability to reasonably secure necessary labor, materials, tools; delays of any contractor, subcontractor or suppliers; acts of another party; any delay not the fault of Redeveloper in the issuance of any permits or licenses to enable Redeveloper to proceed with the

development of the Site; acts or failures to act of any public or governmental agency or entity (other than those acts or failures to act of the Agency shall not excuse performance by the Agency) or any other causes beyond the

control or without the fault of the party claiming an extension of time to perform. An extension of time for any such cause shall only be for the period of the enforced delay, which period shall commence to run from the time of the commencement of the cause. If, however, notice by the party claiming such extension is sent to the other parties more than thirty (30) days after the commencement of the cause, the period shall commence to run only thirty (30) days prior to the giving of such notice. Times of performance under this Agreement may also be extended in writing by the Agency and the Redeveloper.

E. [s605] Inspection of Books and Records

The Agency has the right, upon not less than seventy-two (72) hours notice, at all reasonable times, to inspect the books and records of the Redeveloper pertaining to the Site as pertinent to the purposes of this Agreement. The right to inspect shall not mean that the Redeveloper is required to perform an audit.

The Redeveloper also has the right, upon not less than seventy-two (72) hours notice, at all reasonable times, to inspect the books and records of the Agency pertaining to the Site as pertinent to the purposes of this Agreement.

F. [s606] Plans and Data

Where the Redeveloper does not proceed with the purchase and development of the Site, and when this Agreement is terminated pursuant to Section 511 hereof for any reason, the Redeveloper shall obtain written release from the architect and deliver to the Agency any and all plans and data concerning the Site, and the Agency or any other person or entity designated by the Agency is free to use such plans and data.

[s607] Approval by Agency

Wherever this Agreement requires the Agency to approve any contract, document, plan, specification, drawing or other matter, or to do any act or thing, such approval, act or thing shall not be unreasonably denied, delayed, conditioned or withheld.

VII. [s700] SPECIAL PROVISIONS

A. [s701] Amendment of the Redevelopment Plan

Pursuant to provisions of the Redevelopment Plan for modification or amendment thereof, the Agency agrees that no amendment which changes the uses or development permitted on the Site or changes the restrictions or controls that apply to the Site, or otherwise affect the Site, shall be made or become effective without the prior written consent of the Redeveloper.

B. [s702] Submission of Documents to the Agency for Approval

Whenever this Agreement requires the Redeveloper to submit plans, drawings or other documents to the Agency for approval, which shall be deemed approved if not acted on by the Agency within a specific time, said plans, drawings or other documents shall be accompanied by a letter stating that they are being submitted and will be deemed approved unless rejected by the Agency within the stated time. If there is no time specified herein for such Agency action, the Redeveloper may submit a letter requiring Agency approval or rejection of documents within thirty (30) days after submission to the Agency or such documents shall be deemed approved.

C. [s703] Amendments to this Agreement

The Redeveloper and the Agency agree to mutually consider reasonable requests for amendments to this Agreement which may be made by any of the parties hereto, including but not limited to: lending institutions, bond counsel or financial consultants, provided that such requests for amendments would not substantially alter the basic terms and conditions included herein.

VIII. [s800] ENTIRE AGREEMENT, WAIVERS AND AMENDMENTS

This Agreement is executed in four (4) duplicate originals, each of which is deemed to be an original. This Agreement comprises pages 1 through 37, inclusive, and Attachment Nos. 1 through 5, which constitute the entire understanding and agreement of the parties.

This Agreement integrates all of the terms and conditions mentioned herein or incidental hereto, and supersedes all negotiations or previous agreements between the parties with respect to all or any part of the subject matter hereof.

All waivers of the provisions of this Agreement must be in writing and signed by the appropriate authorities of the Agency and the Redeveloper, and all amendments hereto must be in writing and signed by the appropriate authorities of the Agency and the Redeveloper.

IX. [S900] TIM FOR ACCEPTANCE OF AGREEMENT BY AGENCY

This Agreement, when executed by the Agency and delivered to the Redeveloper, must be authorized, executed and delivered to the Agency by the Redeveloper within ten (10) calendar days after the date of signature by the Agency or this Agreement shall be void, except to the extent that the Agency shall consent in writing to further extensions of time for the authorization, execution and delivery of this Agreement. The effective date of this Agreement shall be the date when the Agreement has been signed by both parties and after it has been approved at a meeting of the Agency by a four-fifth vote of the Agency. Time is of the essence of this Agreement.

1993.

"AGENCY"

Robert Canada, Chairperson

Carol Dorfmeier, Secretary

APPROVED AS TO FORM:

Agency Counsel

1993

"REDEVELOPER"

CERRITOS GARDENS GENERAL HOSPITAL
COMPANY, A California Limited
Partnership

Irving Moskowitz, M.D. General Partner