

**CLIENT MEMORANDUM**

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**TO:** OVERSIGHT BOARD OF THE CRA/LA, A DESIGNATED LOCAL AUTHORITY AND SUCCESSOR AGENCY TO THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES

**FROM:** VARNER & BRANDT LLP

**SUBJECT:** TRANSMITTAL OF OCTOBER 13, 2016 OVERSIGHT BOARD MEETING AGENDA ITEM #2

**DATE:** OCTOBER 6, 2016

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The following memorandum provides the seven (7) board members (“Board Members”) of the Oversight Board (“Oversight Board”) of the CRA/LA, a Designated Local Authority and Successor Agency to the Community Redevelopment Agency of the City of Los Angeles (“Successor Agency”), with pertinent information in order for each Board Member to make an informed decision on the matters before the Oversight Board.

**Agenda Item No.: 2**

**Subject:** The Successor Agency seeks the approval of the Oversight Board to execute a Third Amendment to Parking Facility and Museum Development Agreement between the Successor Agency and The Broad (“Agreement”) conveying real property (“Property”) identified on the Successor Agency’s Department of Finance (“DOF”)-approved Long-Range Property Management Plan (“LRPMP”) as Asset ID No. 246-B, located at 620 West 2<sup>nd</sup> Street and 223 South Grand Avenue, Los Angeles.

**Request by Successor Agency:** The Successor Agency requests the Oversight Board approve the disposition of the Property in accordance with the terms of the Agreement and pursuant to the LRPMP.

**Legislative Authority of the Oversight Board:**

1. California Health and Safety Code Section 34177(e): The Successor Agency must dispose of assets and properties of the former redevelopment agency as directed by the Oversight Board; provided, however that the Oversight Board may direct the Successor Agency to transfer ownership of certain assets pursuant to Section 34181(a). The disposal of the assets and properties is to be completed expeditiously and in a manner aimed at maximizing value.
2. California Health and Safety Code Section 34177(h): The Successor Agency must expeditiously wind down the affairs of the former redevelopment agency in accordance with the direction of the Oversight Board.

3. California Health and Safety Code Section 34181(a): The Oversight Board must direct the Successor Agency to dispose of all assets and properties of the former redevelopment agency. The Successor Agency must complete the disposition expeditiously and in a manner aimed at maximizing value.
4. California Health and Safety Code Section 34181(f): The Oversight Board must approve by resolution, at a public meeting after at least ten (10) days' notice to the public, all actions involving the disposition of assets and properties of the former redevelopment agency.
5. California Health and Safety Code Section 34191.3: The DOF approved the Successor Agency's LRPMP, which now governs the disposition and use of real property assets of the former redevelopment agency.

**Application:** The Successor Agency must dispose of assets and properties of the former redevelopment agency in accordance with the direction of the Oversight Board. (Sections 34177(e), 34181(a).) The DOF approved the Successor Agency's LRPMP on October 7, 2014, allowing the disposition of properties for sale to third parties. (Section 34191.3.) The Property is listed under the "for sale" category under the LRPMP. The DOF requires Oversight Board approval of each disposition of "for sale" property under the LRPMP. Notice to the public of the proposed disposition of the Property was given on September 30, 2016. (Section 34181(f).)

The LRPMP lists this Property as "to be marketed". As noted in the LRPMP, the Successor Agency has not obtained current appraisals for most assets during the disposition process, with some exceptions, instead utilizing the marketplace, via a competitive bidding process, to determine each asset's fair market value. This Property represents an exception to the normal protocol based on additional factors.

The Property consists of a parking garage and plaza. The Broad utilizes the garage as an integral part of its operations. The Successor Agency retained Integra Realty Resources ("IRR") to appraise the Property, which appraised the Property at \$7,300,000.00. The Successor Agency's memorandum to the Governing Board provides additional detail, but in summary, The Broad has agreed to pay fifteen (15%) above the appraised value to avoid the customary bidding procedures to which the Successor Agency normally adheres. To support the sale of the Property to The Broad without going to a public bid, the Successor Agency cites several facts in its memorandum which not only justifies the economic value of the transaction to the taxing entities, but also the intrinsic value based on the inherent uses of the Property and its importance to The Broad Museum. We also note that the Parking Facility and Museum Development Agreement between the successors to the parties thereto (the Successor Agency and The Broad) grants The Broad with a right of first refusal to purchase the Property even if the Property went out to bid.

The Successor Agency will convey the Property pursuant to the Grant Deed utilized in the previous sale of the Property from The Broad to the Successor Agency. The proposed Grant Deed does not contain the typical "AS IS" condition and basis with all faults

language and the provisions releasing the Successor Agency and Oversight Board from liabilities relating to the Property. After discussions with Successor Agency staff, we understand a revised Grant Deed will be proposed including this language.

We have determined that the terms of the proposed Agreement meet the requirements of Section 34177(e) and Section 34181(a). Based on the LRPMP, other information provided by Successor Agency staff, and the authority of the Health and Safety Code, we find the proposed approval of the Agreement and the disposition of the Property permissible and proper, but suggest the Oversight Board confirm the as-is language and release language will be included in the Grant Deed.

END OF MEMO.

**RESOLUTION NO. OB \_\_\_\_\_**

**A RESOLUTION OF THE OVERSIGHT BOARD OF THE CRA/LA, A DESIGNATED LOCAL AUTHORITY AND SUCCESSOR AGENCY TO THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES, APPROVING AND AUTHORIZING THE EXECUTION OF A THIRD AMENDMENT TO THE PARKING FACILITY AND MUSEUM DEVELOPMENT AGREEMENT TO FACILITATE THE SALE AND DISPOSITION OF REAL PROPERTY LOCATED AT 620 WEST 2<sup>ND</sup> STREET AND 223 SOUTH GRAND AVENUE**

**WHEREAS**, the CRA/LA, a Designated Local Authority, was formed in accordance with California Health and Safety Code Section 34173(d)(3) as the Successor Agency to the Community Redevelopment Agency of the City of Los Angeles (“Successor Agency”); and

**WHEREAS**, the Oversight Board (“Oversight Board”) of the Successor Agency was established pursuant to California Health and Safety Code Section 34179; and

**WHEREAS**, the Successor Agency must dispose of assets and properties of the former redevelopment agency as directed by the Oversight Board pursuant to California Health and Safety Code Section 34177(e); and

**WHEREAS**, the Oversight Board must direct the Successor Agency to dispose of all assets and properties of the former redevelopment agency pursuant to California Health and Safety Code Section 34181(a); and

**WHEREAS**, the Successor Agency is not permitted to dispose of any real property assets of the former redevelopment agency, except governmental use assets, until the Department of Finance (“DOF”) approves the Successor Agency’s long-range property management plan (“LRPMP”) pursuant to California Health and Safety Code Section 34191.3; and

**WHEREAS**, on October 7, 2014, the DOF issued an approval notice approving the Successor Agency’s LRPMP (“Determination Letter”); and

**WHEREAS**, upon DOF approval of the LRPMP, the LRPMP governs and supersedes all other provisions relating to the disposition and use of real property assets of the former redevelopment agency pursuant to California Health and Safety Code Section 34191.3; and

**WHEREAS**, the Successor Agency desires to sell certain real property located at 620 West 2<sup>nd</sup> Street and 223 South Grand Avenue, Los Angeles, California, identified on the LRPMP as Asset ID No. 246-B, a “for sale” property (“Property”), to The Broad (“Purchaser”) by entering into a Third Amendment (“Amendment”) to the Parking Facility and Museum Development Agreement entered into by Purchaser’s predecessor-in-interest and the Successor Agency’s predecessor on October 6, 2010 (“Agreement”); and

**WHEREAS**, Purchaser holds a right of first refusal (“ROFR”) with respect to the Property pursuant to the Agreement, as amended; and

**WHEREAS**, the Successor Agency engaged Integra Realty Resources (“IRR”) to appraise the Property and IRR determined the fair market value of the Property at \$7,300,000.00; and

**WHEREAS**, the Successor Agency intends to sell the Property to the Purchaser for a purchase price of \$8,395,000.00, which is fifteen percent (15%) higher than the appraised value of the Property; and

**WHEREAS**, the Successor Agency intends to sell the Property to the Purchaser in accordance with the terms of a Amendment, a copy of which has been made available to the Oversight Board for inspection and is attached hereto as Exhibit A; and

**WHEREAS**, the Oversight Board has determined that the approval of the sale and disposition of the Property pursuant to the Amendment is consistent with the terms of the approved LRPMP under Health and Safety Code Sections 34181(a) and 34191.3, and is consistent with the obligation of the Successor Agency to wind down the affairs of the former redevelopment agency in accordance with California Health and Safety Code Section 34177(h); and

**WHEREAS**, California Health and Safety Code Section 34181(f) requires that the Oversight Board approve by resolution, at a public meeting after at least 10 days’ notice to the public, all actions involving the disposition of assets and properties of the former redevelopment agency.

**NOW, THEREFORE, BE IT RESOLVED** by the Oversight Board as follows:

**Section 1. Approval of Amendment; Disposition of the Property.** The Oversight Board hereby approves the sale and disposition of the Property in accordance with the terms of the approved LRPMP and the Amendment. The sale and disposition of the Property shall be carried out in accordance with the terms of the Amendment in substantially the form made available to the Oversight Board for inspection.

**Section 2. Authorization of Successor Agency.** The Oversight Board authorizes and directs the Chief Executive Officer of the Successor Agency to execute and deliver the Amendment, in substantially the form made available to the Oversight Board for inspection, and any and all other documents which they may deem necessary or advisable in order to effectuate the approval of this Resolution.

**Section 3. Other Actions.** The Oversight Board hereby authorizes and directs the Chairman, Vice Chairman and/or Secretary of the Oversight Board, jointly and severally, to do any and all things and to execute and deliver any and all documents which they may deem necessary or advisable in order to effectuate the purposes of this Resolution, and such actions previously taken by such officers are hereby ratified and confirmed.

**PASSED, APPROVED AND ADOPTED** by the Oversight Board at a duly noticed meeting of the Oversight Board held on October 13, 2016, by the following vote:

Ayes: \_\_\_\_\_  
Noes: \_\_\_\_\_  
Absent: \_\_\_\_\_  
Abstain: \_\_\_\_\_

By: \_\_\_\_\_  
Richard Close, Chairman  
Oversight Board of the CRA/LA,  
A Designated Local Authority and Successor Agency to the  
Community Redevelopment Agency of the City of Los Angeles

ATTEST:

\_\_\_\_\_  
Steve Valenzuela, Secretary  
Oversight Board of the CRA/LA,  
A Designated Local Authority and Successor Agency to the  
Community Redevelopment Agency of the City of Los Angeles

\* \* \* \* \*

I hereby certify that the foregoing is a true and correct copy of the Resolution duly adopted by the Oversight Board of the CRA/LA, a Designated Local Authority and Successor Agency to the Community Redevelopment Agency of the City of Los Angeles, at a meeting of the Oversight Board duly called and held at 2:00 p.m. on the 13th day of October, 2016.

\_\_\_\_\_  
Steve Valenzuela, Secretary  
Oversight Board of the CRA/LA,  
A Designated Local Authority and Successor Agency to the  
Community Redevelopment Agency of the City of Los Angeles

**RESOLUTION NO. OB \_\_\_\_**

**EXHIBIT A**

**THIRD AMENDMENT TO THE PARKING FACILITY AND MUSEUM DEVELOPMENT  
AGREEMENT**

**[ATTACHED BEHIND THIS PAGE]**

**APPROVED**

MEMORANDUM

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**DATE:** OCTOBER 6, 2016

**TO:** GOVERNING BOARD

**FROM:** STEVE VALENZUELA, CHIEF EXECUTIVE OFFICER

**STAFF:** BARRON MCCOY, CHIEF OPERATING OFFICER  
DANIEL KAHN, SR. REAL ESTATE DEVELOPMENT AGENT

**SUBJECT:** **SALE OF REAL PROPERTY.** Approval of a Third Amendment to Parking Facility and Museum Development Agreement with The Broad for the disposition of Real Property identified as Asset ID No. 246-B in the Long Range Property Management Plan for the purchase price of \$8,395,000.

**RECOMMENDATION**

That the Governing Board, subject to Oversight Board approval, authorize execution of a Third Amendment to the Parking Facility and Museum Development Agreement ("PFMDA") and in so doing approve a direct sale of Asset ID No. 246-B, located at 620 W. 2<sup>nd</sup> Street and 223 S. Grand Avenue (the "Broad Garage and Public Plaza"), to The Broad for Eight Million Three Hundred Ninety-Five Thousand (\$8,395,000) and authorize the CEO or designee to execute all documents necessary to complete the disposition.

**SUMMARY**

Approval of the recommended action would continue the implementation of the Long Range Property Management Plan ("LRPMP").

Asset ID No. 246-B was acquired by CRA/LA in April 2016 following exercise of the put option in the PFMDA by The Broad. Concurrently, CRA/LA and The Broad entered into a one year operating agreement to enable The Broad to continue management of the Parking Garage. Broad approached CRA/LA staff about purchasing the Garage and Plaza outside of the standard marketing of assets to a broad range of potential buyers. The rationale for a direct sale centers on several factors:

- The garage serves both The Broad and the general public. The Broad was financed with tax-exempt bonds, and a portion of the bond proceeds were used to finance construction of certain elements of the Garage that exclusively benefit The Broad. This includes the code parking for The Broad, in addition to security, building systems (i.e., HVAC, utilities and conduits) which are located within the Garage. Until the tax-exempt bonds are redeemed in June 2021 and unless the Garage was subdivided, a buyer of the Garage would be required to be a nonprofit entity.
- The principal driver of parking demand for the Garage is The Broad museum. During the weekdays when the museum is open, the Garage is at capacity. Conversely, on Mondays (when the museum is closed), there is little revenue generated at the Garage.
- The Garage is an integral component of the museum operations.

- Pursuant to the Plaza REA, 100% of the net revenue from the Garage is pledged to pay Plaza operating costs.

For these and other reasons, The Broad is the most logical owner of the Garage and Plaza. The Broad has agreed to pay a 15% premium above the appraised value of the Garage and Plaza for the proposed direct sale (see attached correspondence from The Broad).

CRA/LA had the Garage and Plaza appraised by Integra Realty Resources (IRR) in July 2016. IRR determined that the fair market value of the Garage and Plaza was \$7,300,000. The 15% premium brings the sales price to \$8,395,000.

A summary of key terms of the transaction is included as Attachment A. If approved, escrow on this asset is expected to close within 30 days following approval by the Oversight Board and the Department of Finance.

### **PREVIOUS ACTIONS**

April 7, 2016 – Governing Board authorized CEO to negotiate and execute a one year operating agreement to enable The Broad to continue management of the Parking Garage.

October 2, 2014 – Governing Board authorized CEO to negotiate and execute a Reciprocal Easement Agreement for the Public Plaza (Plaza REA) and affirmed a Pledge of New Revenue from the Public Garage for Public Plaza maintenance.

April 21, 2011 – The Former Agency authorized the execution of the 2<sup>nd</sup> Amendment to the Parking Facility and Museum Development Agreement with Broad.

January 20, 2011 – The Former Agency authorized the execution of the 1<sup>st</sup> Amendment to the Parking Facility and Museum Development Agreement with Broad.

July 15, 2010 – The Former Agency authorized the execution of the Parking Facility and Museum Development Agreement with Broad.

### **DISCUSSION & BACKGROUND**

DOF approved the LRPMP on October 7, 2014, including disposition of real property assets in the For Sale category. These assets include fee interests (unencumbered), fee interests subject to leases with an assignment of leasehold interests, air rights, and covenants/easements. As previously discussed and noted in the approved LRPMP, assets to be sold are generally not appraised as part of the disposition process. With few exceptions, each asset's fair market value is determined by the marketplace via a competitive bid process undertaken by Cushman.

Asset ID No. 246-B consists of the fee interest in the Broad Garage underlying The Broad Museum and the adjacent Plaza. The Former Agency and The Broad entered into the PFMDA to facilitate construction of The Broad museum, an underground garage, a public plaza and streetscape improvements. CRA/LA agreed to underwrite certain eligible costs so that The Broad museum could be constructed on a “flat parcel” of land, such that the garage would serve as a podium on which to build the museum. The agreement provided for the Former Agency to convey the land to The Broad for \$1 and then to repurchase the completed Garage and Plaza. The repurchase price was established at up to \$52 million for eligible project costs, following

approval of a cost certification. The Former Agency advanced \$22 million to The Broad for eligible costs. Broad completed the improvements and submitted a cost certification. CRA/LA retained a qualified consultant, who concluded that the hard and soft costs expended by The Broad were in excess of the \$52 million repurchase price. This entitled The Broad to receive the balance of the repurchase price of \$30 million. The Broad exercised the put option in the PFMDA and the CRA/LA issued a payment of \$30 million to The Broad in April 2016. Concomitantly, The Broad grant deeded the fee interests in the Garage and Plaza to CRA/LA.

The CRA/LA and The Broad entered into a one year Operating Agreement that allows The Broad to manage the Garage during the period of CRA/LA ownership. Should the CRA/LA elect to market the assets to the broader market, the terms of the PFMDA provide The Broad with a right of first refusal to match the qualified high bid.

It is not altogether clear, however, given all the limitations on use, lack of development potentials and the pledge of garage revenue, whether strong investor interest would be achieved by marketing the two assets. In consideration for the CRA/LA not marketing the assets, The Broad has proposed to pay a 15% premium over the fair market value of the assets, based on an appraisal prepared for CRA/LA. An appraisal was performed by Integra Realty Resources, based on joint appraisal instructions from the CRA/LA and The Broad. The appraisal determined the fair market value of the assets at \$7,300,000. The 15% premium brings the total sales price to \$8,395,000.

CRA/LA staff believes this disposition is in the best interests of the affected taxing entities. It reduces liabilities of the successor agency associated with owning, operating and maintaining a public garage. The recommendation also generates net revenues for the benefit of the taxing entities.

On September 30, 2016, CRA/LA posted a 10-Day Notice of the proposed sales, in compliance with Health & Safety Code Section 34181(f).

### **SOURCE OF FUNDS**

No funding is being requested for this item.

### **ROPS AND ADMINISTRATIVE BUDGET IMPACT**

There is no ROPS impact anticipated with this action.

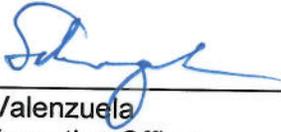
Sales Proceeds: All sales proceeds received from escrow will be deposited in the Successor Agency's Community Redevelopment Property Trust Fund, and both the approved LRPMP and state law provide that the net sales proceeds are available to pay enforceable obligations. The Successor Agency will call on these net sales proceeds and Other Funds, as available, prior to requesting RPTTF through the ROPS process to pay enforceable obligations.

Broker Commissions: There are no broker's commissions associated with the proposed direct sale of the assets.

### **ENVIRONMENTAL REVIEW**

The proposed action does not constitute a project according to the California Environmental Quality Act (CEQA).

By:



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Steve Valenzuela  
Chief Executive Officer

There is no conflict of interest known to me which exists with regard to any CRA/LA officer or employee concerning this action.

Attachments

Attachment A – Transaction Summary

Attachment B – Term Sheet & Map

Attachment C – Third Amendment to the Parking Facility and Museum Development Agreement

Attachment D – Correspondence from The Broad

**Attachment A  
Transaction Summary**

|   | <b>Asset ID<br/>No.</b> | <b>Location</b>                                 | <b>No. of<br/>Bids<br/>Received</b> | <b>Project Area</b> | <b>Purchase<br/>Amount</b> | <b>Broker<br/>Commission</b> | <b>Highest<br/>Bid</b> | <b>Buyer</b> |
|---|-------------------------|---|-------------------------------------|---------------------|----------------------------|------------------------------|------------------------|--------------|
| 1 | 246-B                   | 620 W. 2nd Street<br>and 223 S. Grand<br>Avenue | n/a                                 | Bunker Hill         | \$8,395,000                | \$0                          | Direct Sale            | The Broad    |
|   |                         |   |                                     | <b>Total</b>        | <b>\$8,395,000</b>         | <b>\$0</b>                   |                        |              |

**Attachment B**

**CRA/LA, A DESIGNATED LOCAL AUTHORITY  
SALE OF PROPERTY TERM SHEET  
ASSET ID NO. 246-B**

|   |   |
|---|---|
| <b>BUYER</b>                                  | <b>The Broad</b>  |
| <b>SELLER</b>                                 | CRA/LA, a Designated Local Authority  |
| <b>PROPERTY ASSET ID NO. 170</b>              | <ul style="list-style-type: none"><li>○ <b>620 W. 2nd Street and 223 S. Grand Avenue</b></li><li>○ <b>APN No. 5151-004-005 through 008</b></li><li>○ <b>Leased Fee Interest</b></li><li>○ <b>Approx: 155,0123 SF (Garage) + 24,000 SF (Plaza)</b></li><li>○ <b>Zone [T][Q]C2-4D; Commercial</b></li></ul>                             |
| <b>VALUE ON LRPMP</b>                         | \$1,000,000.00+   |
| <b>SALES PRICE</b>                            | \$8,395,000.00  |
| <b>ESCROW &amp; TITLE</b>                     | Chicago Title Company ("Escrow Holder")   |
| <b>EFFECTIVE DATE &amp; OPENING OF ESCROW</b> | <ul style="list-style-type: none"><li>○ The Effective Date is the date upon which Escrow Holder receives original counterparts of both parties' signature pages to the purchase and sale agreement ("Agreement").</li><li>○ Upon the Effective Date, Buyer and Seller shall establish an escrow with Chicago Title Company.</li></ul> |
| <b>NUMBER OF BIDS RECEIVED</b>                | <b>None</b>   |
| <b>CONTINGENCY PERIOD</b>                     | None.   |
| <b>CLOSE OF ESCROW</b>                        | Close of Escrow approximately thirty (30) days after Oversight Board approval, unless DOF approval is required.   |
| <b>APPROVALS</b>                              | Agreement is subject to the approval of Seller's Oversight Board and the State of California Department of Finance ("DOF"), if required.  |
| <b>CONDITION OF PROPERTY</b>                  | Buyer agrees to purchase the Property free and clear of liens, in its "as is" condition.  |
| <b>REPRESENTATIONS AND WARRANTIES</b>         | The Agreement contains customary representations and warranties for a commercial real estate transaction of this size and nature.   |
| <b>COSTS OF ESCROW AND CLOSING</b>            | Buyer shall pay all escrow fees.  |
| <b>COMMISSION</b>                             | This transaction does not have any brokers' commission fees.  |

# Bunker Hill

CRA/LA

620 W. 2nd Street and 223 S. Grand Avenue

ID# 246B Sale of Property "For Sale" (Category I)



THIRD AMENDMENT TO PARKING FACILITY  
AND  
MUSEUM DEVELOPMENT AGREEMENT

This Third Amendment to Parking Facility and Museum Development Agreement (this "Third Amendment") is entered into as of this \_\_\_\_\_ day of October, 2016 by and between The Broad (formerly The Broad Collection), a California nonprofit public benefit corporation ("Broad"), and CRA/LA, a Designated Local Authority ("CRA/LA") and successor to The Community Redevelopment Agency of the City of Los Angeles, California, a public body, corporate and politic (the "Former Agency").

RECITALS

A. Broad and the Former Agency entered into that certain Parking Facility and Museum Development Agreement dated as of October 6, 2010, amended by that certain First Amendment to Parking Facility and Museum Development Agreement and Second Amendment to Parking Facility and Museum Development Agreement dated as of January 26, 2011 and May 10, 2011, respectively (the "Amended Agreement"). Broad and the Former Agency also entered into that certain Put/Call Option Agreement as of June 20, 2011 (the "Option Agreement"). Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Amended Agreement and Option Agreement.

B. Pursuant to the Amended Agreement, the Former Agency conveyed the Parking Parcel to Broad and Broad agreed to develop a three level public parking structure with approximately three hundred sixty (360) parking spaces on the Parking Parcel, an approximately 24,000 square foot Public Plaza and streetscape improvements along Grand Avenue.

C. Subsequent to the conveyance, the Parking Parcel was subdivided. The Parties wish to update the legal description of the Parking Parcel through this Third Amendment.

D. On February 1, 2012, the Former Agency was dissolved pursuant to California Health & Safety Code Section 34172. In accordance with California Health & Safety Code Section 34173(d)(3), CRA/LA was formed to serve as the successor agency of the Former Agency and to dispose of the Former Agency's assets in a manner aimed at maximizing the value to be received by the affected taxing entities.

E. In accordance with the Amended Agreement, Broad exercised its right to sell the Parking Property to CRA/LA and CRA/LA made payment in full on April 27, 2016.

F. Based on the expectation that Broad would exercise its rights under the Option Agreement and that the Parking Property would be acquired from Broad by CRA/LA, CRA/LA listed the Parking Property as Asset I.D. No. 246-B in the approved Long Range Property Management Plan ("LRPMP"), in the For Sale category. The LRPMP reflected that the Parking Property would be offered for sale by CRA/LA in accordance with the LRPMP Disposition Procedures.

G. The Amended Agreement provides Broad a right of refusal to purchase the Parking Property.

H. Subject to the terms of this Third Amendment, Broad has indicated its desire to repurchase the Parking Property as soon as possible for an amount equal to the appraised value of the Parking Property as determined by the CRA/LA Appraisal, plus fifteen percent (15%) (the "Parking Property Acquisition Price").

I. Allowing Broad to efficiently repurchase the Parking Property in accordance with the terms hereof will lessen CRA/LA's administrative burdens in that CRA/LA will be able to minimize the administrative time necessary to operate and maintain the Parking Facility, while also attempting to wind down the affairs of CRA/LA. Broad's pre-negotiated repurchase will benefit the affected taxing entities by ensuring CRA/LA receives not less than the fair market value for the Parking Property.

NOW, THEREFORE, in consideration of the promises, covenants and agreements set forth in this Third Amendment and other good and valuable consideration, receipt of which is hereby acknowledged, the CRA/LA and Broad hereby agree as follows:

1. Definitions. The following definitions in the Amended Agreement are amended:

a. A new definition for CRA/LA Appraisal shall be added to the Amended Agreement as follows:

"CRA/LA Appraisal" shall mean the appraisal of the Parking Property commenced by CRA/LA and performed by Integra Realty Resources, pursuant to mutually agreed instructions.

b. A new definition of DOF Approval Date shall be added to the Amended Agreement as follows:

"DOF Approval Date" shall mean the first business day following CRA/LA's receipt of the written approval by the State of California Department of Finance of the CRA/LA Oversight Board Resolution approving this Third Amendment.

c. A new definition of Effective Date of the Third Amendment shall be added to the Amended Agreement as follows:

"Effective Date of the Third Amendment" shall mean the later of: (i) the date that the Third Amendment is executed by Broad and (ii) the date the Third Amendment is approved by the CRA/LA Governing Board and executed by CRA/LA.

d. The definition of Parking Parcel is deleted in its entirety and replacement with the following:

"Parking Parcel" shall mean the parcels, as more particularly described in Exhibit A to the Third Amendment.

e. A new definition for Parking Property Acquisition Price shall be added to the Amended Agreement as follows:

"Parking Property Acquisition Price" is defined in Recital G of the Third Amendment.

f. A new definition for Third Amendment shall be added to the Amended Agreement as follows:

"Third Amendment" shall mean the Third Amendment to Parking Facility and Museum Development Agreement.

2. CRA/LA Appraisal. A new Section 8.5(g) shall be added to the Amended Agreement as follows:

Prior to the date of the Third Amendment, Integra Realty Resources commenced and completed the CRA/LA Appraisal.

3. Election to Repurchase the Garage. A new Section 8.5(h) shall be added to the Amended Agreement as follows:

If Broad approves the CRA/LA Appraisal, Broad may elect to repurchase the Parking Property by providing a written election to purchase to CRA/LA within the later of thirty (30) days following (a) the approval of the CRA/LA Appraisal by Broad and (b) the DOF Approval Date. Unless otherwise agreed to by the Parties, the conveyance of the Parking Property to Broad by CRA/LA shall be made through an escrow established with Escrow Holder using a Grant Deed substantially in the form of Exhibit B and the Parties shall execute and deliver to the Escrow Holder written instructions that are consistent with this Agreement.

4. Payment of the Parking Property Acquisition Price. A new Section 8.5(i) shall be added to the Amended Agreement as follows:

If Broad has elected to repurchase the Parking Property pursuant to Section 8.5(h) above, Broad shall, no later than one (1) business days prior to the close of escrow for Broad's purchase of the Parking Property, deposit with Escrow Holder the Parking Property Acquisition Price in the amount of the value of the Parking Property determined by the CRA/LA Appraisal, plus fifteen percent (15%) of such value. The close of escrow for the conveyance of the Parking Property to Broad shall be in accordance with the escrow instructions delivered to Escrow Holder as provided in Section 8.5(h) above.

5. DOF Approval. The Parties expressly acknowledge that this Third Amendment is subject to the approval of the State of California Department of Finance ("DOF"). If the DOF Approval Date does not occur on or before March 31, 2017, the Third Agreement shall become null and void, unless otherwise agreed by the Parties. CRA/LA will make a good faith effort to work with DOF to obtain approval of this Third Amendment as soon as practicable.

6. No Other Changes Except as provided in this Third Amendment, all terms and conditions of the Agreement shall continue in full force and effect. Only those provisions of the Agreement specifically amended herein shall be affected by this Third Amendment.

7. Counterparts. This Third Amendment may be executed in counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same agreement.

WHEREFORE, the Parties have executed this Agreement as of the date first above written.

CRA/LA

CRA/LA, a Designated Local Authority

By: \_\_\_\_\_

Estevan Valenzuela

Its: Chief Executive Officer

Date: \_\_\_\_\_

Goldfarb & Lipman LLP

By: \_\_\_\_\_

CRA/LA Legal Counsel

BROAD

THE BROAD, California  
nonprofit, public benefit corporation

By:  \_\_\_\_\_

Name: Eli Broad

Title: President

EXHIBIT A

LEGAL DESCRIPTION OF PARKING PARCEL

LOTS 1, 2, 6 AND 7 OF TRACT NO. 67492, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 1380, PAGES 43 THROUGH 57, OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

APN: 5151-004-005 thru 008

## EXHIBIT B

### FORM OF GRANT DEED

#### GRANT DEED

For valuable consideration, the receipt of which is hereby acknowledged, CRA/LA, a Designated Local Authority, a public body formed pursuant to California Health & Safety Code Section 34173(d)(3) (the "Grantor"), hereby grants to The Broad, a nonprofit public benefit corporation (the "Grantee"), the real property (the "Property") described in Exhibit A (the "Garage Parcel"), Exhibit B (the "Plaza Parcel") and Exhibit C (the "Restaurant Parcel") attached hereto and incorporated in this grant deed (this "Grant Deed") by this reference, including, without limitation, (i) all buildings, structures, fixtures, mechanical systems and other improvements now located or constructed on the Property, other than the buildings, improvements, additions, alterations, and betterments constructed by or on behalf of Hope Street Restaurants, LLC upon or affixed to the Restaurant Parcel, (ii) all rights, privileges, easements, and appurtenances pertaining to, held or enjoyed in connection with the Property, and (iii) all right, title and interest of the Grantor in, to and under adjacent or adjoining streets, alleys, roads, avenues, rights-of-way and any gores or strips, subject to (a) all non-delinquent real property taxes, (b) all non-delinquent special assessments, if any, (c) all other liens, leases, easements, encumbrances, covenants, conditions, restrictions and other matters of record, and (d) all matters affecting the status of title that would be revealed by an accurate survey of the subject property.

1. The Property is conveyed in accordance with and subject to the Parking Facility and Museum Development Agreement entered into by and between Grantor and Grantee dated October 6, 2010, as amended by that certain First Amendment to Parking Facility and Museum Development Agreement dated as of January 26, 2011, that certain Second Amendment to Parking Facility and Museum Development Agreement dated as of May 10, 2011 and that certain Third Amendment to Parking Facility and Museum Development Agreement dated as of September \_\_, 2016 (collectively the "Parking Facility Agreement"). Capitalized terms used, but not defined in this Grant Deed, shall have the meaning set forth in the Parking Facility Agreement.

2. The Grantee covenants and agrees, for itself and its successors and assigns that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, sexual orientation, sex, marital status, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property, nor shall the Grantee itself or any person claiming under or through it 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, employees or vendees in the Property and the Improvements thereon.

All deeds, leases or contracts made or entered into by the Grantee, its successors or assigns, as to any portion of the Property shall contain therein the following language:

(a) In Deeds:

"(1) Grantee herein covenants by and for itself, its successors and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) and (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955 and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the property herein conveyed, nor shall the grantee or any person claiming under or through the grantee, establish or permit any 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 property herein conveyed. The foregoing covenant shall run with the land.

(2) Notwithstanding paragraph (1), with respect to familial status, paragraph (1) shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in paragraph (1) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to paragraph (1)."

(b) In Leases:

"(1) Lessee herein covenants by and for itself, its successors and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) and (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955 and Section 12955.2 of the Government Code in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the premises herein leased nor shall the lessee or any person claiming under or through the lessee, 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.

(2) Notwithstanding paragraph (1), with respect to familial status, paragraph (1) shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in paragraph (1) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to paragraph (1)."

(c) In Contracts:

"(1) There shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) and (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955 and Section 12955.2 of the Government Code in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the property nor shall the transferee or any person claiming under or through the transferee 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.

(2) Notwithstanding paragraph (1), with respect to familial status, paragraph (1) shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in paragraph (1) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to paragraph (1)."

3. The covenants contained in this Grant Deed shall remain in effect in perpetuity.

4. If there is a conflict between the provisions of this Grant Deed and the Parking Facility Agreement, it is the intent of the parties hereto and their successors in interest that the Parking Facility Agreement shall control.

IN WITNESS WHEREOF, the parties hereto have executed this Grant Deed this  
\_\_\_\_ day of \_\_\_\_\_, 2016.

GRANTOR:

CRA/LA

CRA/LA, a Designated Local Authority

By: \_\_\_\_\_

Estevan Valenzuela

Its: Chief Executive Officer

Date: \_\_\_\_\_

Goldfarb & Lipman LLP

By: \_\_\_\_\_

CRA/LA Legal Counsel

**SIGNATURE MUST BE NOTARIZED**

## EXHIBIT A

(Property Description: Garage Parcel)

The land referred to herein is situated in the State of California, County of Los Angeles, City of Los Angeles, and is described as follows:

Lot 1 and Lot 2 of Tract No. 67492 in the City of Los Angeles, County of Los Angeles, State of California as per map filed in Book 1380, Pages 43 through 57, inclusive, of Maps, Records of said County.

## EXHIBIT B

(Property Description: Plaza Parcel)

The land referred to herein is situated in the State of California, County of Los Angeles, City of Los Angeles, and is described as follows:

Lot 6 of Tract No. 67492 in the City of Los Angeles, County of Los Angeles, State of California as per map filed in Book 1380, Pages 43 through 57, inclusive, of Maps, Records of said County.

## EXHIBIT C

(Property Description: Restaurant Parcel)

The land referred to herein is situated in the State of California, County of Los Angeles, City of Los Angeles, and is described as follows:

Lot 7 of Tract No. 67492 in the City of Los Angeles, County of Los Angeles, State of California as per map filed in Book 1380, Pages 43 through 57, inclusive, of Maps, Records of said County.



Eli Broad, Founder  
ebroad@thebroad.org  
310 954 5001

## Attachment D

August 22, 2016

Mr. Estevan Valenzuela  
Chief Executive Officer  
CRA/LA  
448 South Hill Street, 12th Floor  
Los Angeles, California 90013

Dear Steve:

In accordance with Section 8.5(h) of the Amended Agreement, as defined in the Third Amendment to Parking Facility and Museum Development Agreement, The Broad hereby elects to exercise its right to repurchase the Parking Property for the price of Eight Million Three Hundred and Ninety Five Thousand Dollars (\$8,395,000). This Acquisition Price is equal to the value of the Parking Property determined by the CRA/LA Appraisal, plus fifteen percent (15%) of such value.

We wish to conclude this purchase as soon as possible. Thank you in advance for your efforts to expedite California State Department of Finance approval and the subsequent close of the transaction.

With best regards,

A handwritten signature in black ink, appearing to read 'Eli Broad', is written in a cursive style.

cc: Joanne Heyler, Director  
Deborah Kanter, General Counsel