

HOLLYWOOD AND VINE MIXED-USE DEVELOPMENT PROJECT

COMMUNITY BENEFITS AGREEMENT

GATEHOUSE HOLLYWOOD DEVELOPMENT, L.P.

SECTION I. PURPOSE

The purpose of the Community Benefits Agreement (“Agreement”) for the Hollywood and Vine Mixed-Use Development Project is to provide for a concerted and coordinated effort on the part of the City, the CRA and the Developer to maximize the benefits of the Development to the community.

This Community Benefits Agreement is agreed upon this ___ day of April, 2004, by and between the Coalition and the Developer. These parties hope that the CRA will include this Agreement as an attachment to the DDA for the Development.

Attachment 1 to this Agreement, “Contractor and Tenant Responsibilities,” sets out the responsibilities of Contractors and Commercial Tenants regarding the community benefits described in this Agreement. The Coalition and the Developer intend that all Contractors and Commercial Tenants at the Development commit to these responsibilities through attachment of the document to relevant contracts and lease agreements.

SECTION II. DEFINITIONS

As used in this Agreement, the following capitalized terms shall have the following meanings. All definitions include both the singular and plural form.

“Area Media Income” shall mean the gross yearly income, adjusted for household size, in the County of Los Angeles, California determined by the U.S. Department of Housing and Urban Development, as published from time to time by the State of California Department of Housing and Community Development.

“City” shall mean the City of Los Angeles.

“Coalition” shall mean the coalition of organizations represented by Hollywood Interfaith Sponsoring Committee (“HISC”) and Yucca Residents’ Group (“YRG”). HISC and YRG shall be the sole representatives of the Coalition and actions taken by either HISC or YRG shall be binding on the Coalition.

“Commercial Tenant” shall mean any person or entity that has entered into a Lease Agreement. The Developer and Residential Tenants shall not be considered Commercial Tenants. A business that operates a parking facility on the Site shall be considered either a Contractor or Commercial Tenant, as appropriate.

“Contract” shall mean a contract or other agreement that is related to the use, maintenance, or operation of the Development and that will result in On-Site Jobs, directly or indirectly, either under the contract or agreement itself or through one or more subcontracts. A contract or other agreement entered into by a business and the condominium owners’ association shall be considered a Contract only if it will require performance of landscaping, custodial, or security services.

“Contractor” shall mean a prime contractor, a subcontractor, or any other business entering into a Contract with the Developer, a Commercial Tenant, or another Contractor. The Developer, Residential Tenants and Commercial Tenants shall not be considered Contractors. A business that operates a parking facility on the Site shall be considered a either a Contractor or Commercial Tenant, as appropriate.

“CRA” shall mean the Community Redevelopment Agency of the City of Los Angeles.

“Developer” shall mean Gatehouse Hollywood Development, L.P., a Texas limited partnership.

“Development” shall mean the development project located on the Site, and the subject of the Disposition and Development Agreement (“DDA”) between the CRA and the Developer approved by the CRA Board on or about December 12, 2003 and the Joint Development Agreement (“JDA”) entered into by the Metropolitan Transit Authority (“MTA”) and Developer.

“Legacy” shall mean Legacy Partners 2480, LLC, a California limited liability company.

“Housing Units” shall mean any and all apartment and condominium units on the Site.

“Lease Agreement” shall mean a lease agreement for use or occupancy of retail or hotel space within the Site, excluding leases for signage, for antennae space, for Housing Units, and for space to park a vehicle. A lease agreement entered into by a business that will operate a parking facility on the Site shall be considered a Lease Agreement.

“Low-Income Individual” shall mean an individual whose household income is no greater than 80% of the median income for the Metropolitan Statistical Area in which the individual resides.

“On-Site Jobs” shall mean all jobs for which at least fifty percent of the work hours occur on the Site, and that arises out of either an employment relationship or an independent contractor relationship. Jobs for which the employer is a Residential Tenant shall not be considered On-Site Jobs.

“Rent” shall mean the total of monthly payments by tenants for the following: use and occupancy of the residential unit and land and associated facilities, including

parking; any separately charged fees or service charges assessed by Developer which are required of all tenants, other than security deposits; the cost of an adequate level of service for utilities paid by the tenant, including garbage collection, sewer, water, electricity, gas and other heating, cooking and refrigeration fuel, but not cable or telephone service; any other interest, taxes, fees or charges for use of the land or associated facilities and assessed by a public or private entity other than Developer, and paid by the tenant.

“Residential Tenant” shall mean a person or group of people who own or occupy some portion of the Site for use as a residence. No guest or client of the hotel shall be deemed a Residential Tenant.

“Site” shall mean that portion of the approximately 4.65 acres bounded by Hollywood Boulevard to the north, Selma Avenue on the south, Argyle Avenue on the east and Vine Street on the west in the City which is more particularly described in the DDA.

“Targeted Job Applicants” shall mean individuals described in Section IV.C of this Agreement.

SECTION III. LIVING WAGE PROGRAM

A. Developer’s Responsibilities Regarding Living Wages.

1. Compliance with Living Wage Ordinance. The Developer shall comply with all substantive provisions, monitoring provisions, and enforcement provisions of the CRA’s Living Wage policy.

2. Seventy Percent Living Wage Goal. The Developer shall use reasonable efforts to maximize the number of Living Wage Jobs on the Site. The Developer shall use reasonable efforts to ensure that, at all times, at least seventy percent (70%) of On-Site Jobs are Living Wage Jobs, as defined in Section III.A.2.c. below. The Developer and the Coalition agree that this is a reasonable requirement in light of all the circumstances.

a. Achievement of Living Wage Goal. The percentage of Living Wage Jobs on the Site shall be assessed and reported in accordance with the requirements set forth in Section III.A.2.d below. In the event that the Living Wage Goal is not attained during any two-year period, the Developer shall promptly meet and confer with the Coalition to determine mutually agreeable additional steps to achieve the Living Wage Goal, and shall ensure that such steps are expeditiously and fully undertaken.

b. Penalty for Failure to Attain Living Wage Goal. Notwithstanding anything to the contrary, failure to attain the Living Wage Goal shall not constitute a breach of this Agreement or the DDA or default of responsibilities thereunder. However, if the CRA determines in its reasonable discretion that the

Developer has not used reasonable efforts during any consecutive two-year period to ensure that the Living Wage Goal is attained, then the CRA may assess a penalty of \$10,000 for each such period, and the Developer will pay such penalty. This penalty shall be the exclusive sanction for non-compliance with the provisions of Section III.A.2. No other liability shall accrue to the Developer in connection with Section III.A.2.

c. Calculating Percentage of Living Wage Jobs. For purposes of this Section III.A, the percentage of Living Wage Jobs on the Site shall be determined by dividing the total number of Living Wage Jobs by the total number of On-Site Jobs in accordance with the following guidelines:

i. Definition of Living Wage Jobs. On-Site Jobs falling into any one of the following categories shall be considered Living Wage Jobs:

- jobs covered by the City’s Living Wage Ordinance, the CRA’s Living Wage policy, or Section III.A.1 of this Agreement, and for which the employer is in compliance with substantive terms of the relevant ordinance or policy and any implementing regulations;
- jobs for which the employee is paid at least \$8.53 per hour in wages if the worker is provided with employer-sponsored health insurance, or \$9.78 per hour in wages otherwise (these amounts shall be adjusted in concert with cost-of-living adjustments to wages as required under the City’s Living Wage Ordinance);
- jobs for which the employee is paid on a salaried basis at least \$17,060 per year in wages if the employee is provided with employer-sponsored health insurance, or \$19,560 per year in wages otherwise (these amounts shall be adjusted in concert with cost-of-living adjustments to wages as required under the City’s Living Wage Ordinance); and
- jobs covered by a bona fide collective bargaining agreement.

ii. Exemption for Small Businesses. Jobs arising out of employment by or independent contract with a Commercial Tenant with fewer than ten employees shall not be included in the calculation of the percentage of Living Wage Jobs under this Section.

d. Reporting Requirements. Every 12 months after the commencement of construction work for the Development, the Developer shall provide to the CRA and the Coalition a report on the percentage of Living Wage Jobs on the Site. Each report shall contain data for the Site as a whole, as well as data for each employer that is not exempt under Section III.A.2.c.ii. Data regarding particular employers will not include precise salaries; rather, such data will include only the number of On-Site Jobs and Living Wage Jobs for that employer, and the number of On-Site jobs for which that employer provides health insurance to employees. If the report indicates that the Living Wage Goal is not being met for the Site as a whole, the report shall include a statement of

reasons for the failure to achieve the Living Wage Goal. In compiling the report, the Developer shall be entitled to reasonably rely on information provided by employers, and need not conduct independent investigation of data provided, unless the Developer receives clear indications that data provided by employers is incomplete or inaccurate.

3. Selection of Tenants

a. Developer Notifies Coalition Before Selecting Commercial Tenants. At least 30 days before signing any Lease Agreement or Contract, the Developer shall use reasonable efforts to notify the Coalition that the Developer is considering entering into such Lease Agreement or Contract and shall identify the prospective Commercial Tenant. If the Coalition so requests, the Developer shall use reasonable efforts to meet with the Coalition regarding the prospective Commercial Tenant's impact on the percentage of Living Wage Jobs on the Site. If reasonable factors so require, the Developer may give notice less than 30 days prior to signing such a Lease Agreement or Contract; provided, however, the Developer shall at the earliest practical date give the Coalition notice of the identity of the prospective Commercial Tenant, and shall be available to meet with the Coalition during a window of at least forty-eight hours, with such window occurring prior to the Developer's signing the Lease Agreement or Contract.

b. Coalition Meeting with Prospective Commercial Tenants. At least 30 days before signing a Lease Agreement or Contract, the Developer will use reasonable efforts to arrange and attend a meeting between the Coalition and the prospective Commercial Tenant, if the Coalition so requests. At such a meeting, the Coalition and the Developer will discuss with the prospective Commercial Tenant available incentives for and assistance with provision of living wages and health insurance to employees. The Developer will use reasonable efforts to assist the Coalition in encouraging payment of living wages. If reasonable factors so require, such a meeting may occur less than 30 days prior to signing a Lease Agreement or Contract; provided, however, in such cases the meeting shall be scheduled to occur on the earliest practical date.

c. Consideration of Impact on Living Wage Goal. To the extent reasonable, the Developer shall consider as a substantial factor each prospective Commercial Tenant's potential impact on the percentage of Living Wage Jobs on the Site when selecting prospective Commercial Tenants.

B. Collaboration Toward Living Wage Incentive Programs. The Developer and the Coalition shall use reasonable efforts to work collaboratively with each other and with interested governmental and private entities to develop programs that will assist Commercial Tenants in paying living wages to employees. The Coalition shall seek funding sources to enable Commercial Tenants to receive incentives and assistance of substantial economic value for payment of living wages to employees.

SECTION IV. FIRST SOURCE HIRING POLICY

A. Purpose. The purpose of the First Source Hiring Policy is to facilitate the employment of Targeted Job Applicants in the Development. It is a goal of this Agreement that the First Source Hiring Policy benefit employers in the Development by providing, through a non-exclusive referral system, a pool of qualified job applicants.

B. Coverage. The First Source Hiring Policy, set forth in Attachment 1, Contractor and Tenant Responsibilities, shall apply to hiring by Commercial Tenants and Contractors for all On-Site Jobs, except for jobs for which the hiring procedures are governed by a bona fide collective bargaining agreement that conflicts with the First Source Hiring Policy. For hiring for any On-Site Jobs for which the Developer is the employer, the Developer shall have the same responsibilities as would a Commercial Tenant under Attachment 1.

C. Targeted Job Applicants. Targeted Jobs Applicants include the following three categories of individuals. Job referrals under the First Source Hiring Policy shall be made in the order of priority set forth below.

First Priority: individuals whose residence or place of employment has been displaced by the Development.

Second Priority: Low-Income Individuals living within one mile of the Site.

Third Priority: Low-Income Individuals living in census tracts throughout the City for which household income is no greater than 80% of the median household income for the Los Angeles Metropolitan Statistical Area.

D. First Source Referral System Responsibilities. The following functions related to the First Source Hiring Policy shall be performed by the First Source Referral System:

1. receive employer notification of job openings, promptly initiate recruitment and pre-screening activities, and provide an estimate to employers of the number of qualified applicants it is likely to refer;
2. coordinate with various job-training centers to facilitate access to a pool of qualified applicants from which to draw referrals;
3. screen and refer Targeted Job Applicants according to qualifications and specific selection criteria submitted by employers;
4. maintain contact with employers with respect to employers' hiring decisions regarding applicants referred by the First Source Referral System;
5. assist employers with reporting responsibilities by supplying reporting forms and by other reasonable means;

6. assist the Coalition and governmental entities in monitoring compliance with the First Source Hiring Policy;
7. submit annual aggregate reports for all employers on the Site to the CRA, with a copy to the Coalition, detailing the employment of Targeted Job Applicants in the Development and the effectiveness of the First Source Hiring Policy;
8. work collaboratively with the Developer, the Coalition, job training centers, applicants, and governmental entities to administer the First Source Referral System effectively and efficiently.

E. First Source Referral System Operation. The Developer and the Coalition shall make reasonable efforts to engage the Hollywood Worksource Center to operate the First Source Referral System. If such efforts are unsuccessful, the Developer and the Coalition shall engage another mutually agreed upon entity to operate the First Source Referral System.

F. Developer's Liaison. The Developer shall designate a liaison for issues related to the First Source Hiring Policy. The liaison shall work with the First Source Referral System, the CRA, and City officials, as appropriate, to ensure effective implementation of the First Source Hiring Policy.

G. On-Site Facility. The Developer and Legacy shall jointly provide a trailer on the Site for rent-free use of the First Source Referral System during construction of the Development.

H. Planning. The Developer and Coalition shall make reasonable efforts to ensure that not later than three (3) months prior to the commencement of construction on the Site, the Hollywood Worksource Center staff meet with Hollywood Interfaith Sponsoring Committee, the Yucca Residents Group, the Developer's Liaison and any other appropriate individuals to design, plan and implement the First Source Referral System in accordance with this Section.

I. Additional Provisions. Additional provisions regarding the First Source Hiring Policy are set forth in Attachment 1, Contractor and Tenant Responsibilities.

SECTION V. JOB TRAINING

Notwithstanding anything to the contrary contained in Exhibit "H" to the DDA, prior to any construction on the Site, the Developer shall provide \$50,000 to the Workforce and Economic Development Department of the California Labor Federation to fund job training, and shall provide \$25,000 to the Los Angeles Metro Alliance's Health Care Careers Ladder Training Program.

SECTION VI. HEALTH CARE OUTREACH

A. Developer Outreach Funding. Upon receipt of a building permit for construction on the Site, the Developer shall provide \$15,000 to fund a health care access outreach program. The Coalition shall work with the local City Council office on design and implementation of the program.

B. Enabling Outreach. The Developer shall reasonably cooperate with efforts by community organizations to provide information about health care programs and services to individuals working in On-Site Jobs and to Residential Tenants.

SECTION VII. IMPLEMENTATION OF COMMUNITY BENEFITS PLAN

The Developer will continue to meet with community-based organizations, affected parties, interested governmental entities, and the Coalition in a good faith reasonable effort to develop strategies for implementation of the policies and programs set forth in this Community Benefits Agreement.

SECTION VIII. GENERAL LEGAL PROVISIONS

A. Inclusion of Contractor and Tenant Responsibilities in Leases, Contracts, and Purchase Agreements.

1. Lease Agreements. The Developer shall not execute any Lease Agreement unless Attachment 1, Contractor and Tenant Responsibilities, is included as a material term thereof.

2. Contracts. The Developer shall not execute any Contract unless Attachment 1, Contractor and Tenant Responsibilities, is included as a material term thereof.

3. Purchase Agreements. The Developer shall not execute any deed conveying title to the entirety of or any portion of the Site (excluding any deed for the condominiums) unless (i) the Developer and the entity receiving title have executed a purchase agreement governing conveyance of title, and (ii) under that purchase agreement, the entity receiving title assumes as binding legal obligations all responsibilities of the Developer under this Agreement.

4. Assurance Regarding Preexisting Contracts. The Developer warrants and represents that as of the date of mutual execution of this Agreement, it has executed no lease agreement, purchase agreement, or other contract that would violate any provision of this Section VIII.A. had it been executed after the date of mutual execution of this Agreement.

5. Release of Developer's Liability. The Developer shall have no liability for any breach of this Agreement by a Commercial Tenant, a successor owner, or

a Contractor, if the Developer has fully complied with this Section VIII.A. with regard to that entity.

B. Compliance with State and Federal Law. The Agreement shall be enforced only to the extent that it is consistent with the laws of the state of California and the United States. If any provision of this Agreement is held by a court of law to be in conflict with state or federal law, the applicable law shall prevail over the terms of this Agreement, and the conflicting provisions of this Agreement shall not be enforceable.

C. Severability Clause. If any term, provision, covenant or condition of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions shall continue in full force and effect.

D. Binding on Successors. The Agreement shall be binding upon and inure to the benefit of the successors in interest, transferees, assigns, present and future partners, subsidiary corporations, affiliates, agents, representatives, heirs, and administrators of each of the parties hereto. Any reference in this Agreement to a party shall be deemed to apply to any successor in interest, transferee, assign, present or future partner, subsidiary corporation, affiliate, agent, representative, heir or administrator of such party.

E. Intended Beneficiaries. With regard solely to the terms and provisions of this Agreement, the City, the CRA, and the Coalition are intended third-party beneficiaries of contracts and other agreements of which this Agreement is a part this Agreement. The City, the CRA, and the Coalition shall each independently have the right to enforce the provisions of this Agreement as provided herein against all contracts or other agreements of which this Agreement is a part.

F. Material Terms and Inclusion in Development Agreements. All provisions of this Agreement shall be material terms of any deed, lease, or contract of which this Agreement is a part pursuant to the terms hereof. The Developer agrees to use reasonable efforts to include this Agreement as a material term of its Disposition and Development Agreement with the CRA, and of any development agreement or similar agreement entered into with the City regarding any portion of or the entirety of the Site.

G. Remedies. This Agreement may be the basis for a request for injunctive relief with respect to performance of any term of this agreement. The parties hereto agree that money damages would be an inadequate remedy for any breach (or threatened breach) of this Agreement, and agree that this Agreement may be enforced by an application for a preliminary or permanent injunction, by a decree of specific performance, or other such order or decree of a court of competent jurisdiction. In no event shall the CRA or Coalition be entitled to damages except as expressly provided in Section III A.2.b. above. The agreed remedies set forth herein shall not be construed to limit or derogate any legal or equitable remedy authorized by applicable law or a court's ability to determine facts, weigh evidence, and exercise its own discretion with respect to enforcement of any term or condition of this Agreement.

H. Covenants Run with Land. The provisions of this Agreement are covenants that run with the land and bind all grantees, lessees or other transferees thereto for the benefit of and in favor of the City, the CRA and the Coalition.

I. Term. This Agreement shall become effective on the date of mutual execution of this Agreement and shall terminate twenty (20) years from such date. Upon termination of this Agreement, no entity with responsibilities under this Agreement or Attachment 1, Contractor and Tenant Responsibilities, shall have any further responsibilities. The termination date shall be uniform with regard to all entities with responsibilities under this Agreement or Attachment 1.

J. Waiver. The waiver by any party of any provision or term of this Agreement shall not be deemed a waiver of any other provision or term of this Agreement. The mere passage of time, or failure to act upon a breach, shall not be deemed as a waiver of any provision or term of this Agreement.

K. Construction. Each of the parties has been advised by counsel with regard to this Agreement. Accordingly, this Agreement shall not be strictly construed against any party, and the rule of construction that any ambiguities be resolved against the drafting party shall not apply to this Agreement.

L. Entire Agreement. The Agreement contains the entire agreement between the parties and supercedes any prior agreements, whether written or oral. References herein to this Agreement include all attachments. This Agreement may not be altered, amended or modified except by an instrument in writing signed by the parties hereto.

M. Conflicting Terms. Except as provided in Section V, in the event of any conflict or inconsistency between the terms and conditions of this Agreement and the terms and the terms and conditions of the DDA, the DDA shall control.

N. Authority of Signatories. The individuals executing this Agreement represent and warrant that they have the authority to sign on behalf of their respective parties.

O. Correspondence. All correspondence shall be in writing and shall be addressed to the affected parties at the addresses set forth below. A party may change its address by giving notice in compliance with this Section VIII.O. The addresses of the parties are:

If to Developer:

Attn: Marty Collins and Jeff Cohen
Gatehouse Hollywood Development, L.P.
2651 North Harwood, Suite 400
Dallas, TX 75201

Fax No.: (214) 922-4301

If to Coalition:

Attn: Bob Untiedt
Hollywood Interfaith Sponsoring Committee
6128 Hollywood Blvd.
Los Angeles, CA 90028

Agreed to this ____ day of _____, 2004, by:

For the Coalition:

Fr. Michael Mandala
President
Hollywood Interfaith Sponsoring Committee

Johanna Arias
Hollywood Interfaith Sponsoring Committee

Socorro Callejas
Yucca Residents' Group

For the Developer:

GATEHOUSE HOLLYWOOD DEVELOPMENT, L.P., a California
limited partnership

By: _____
Marty Collins
President