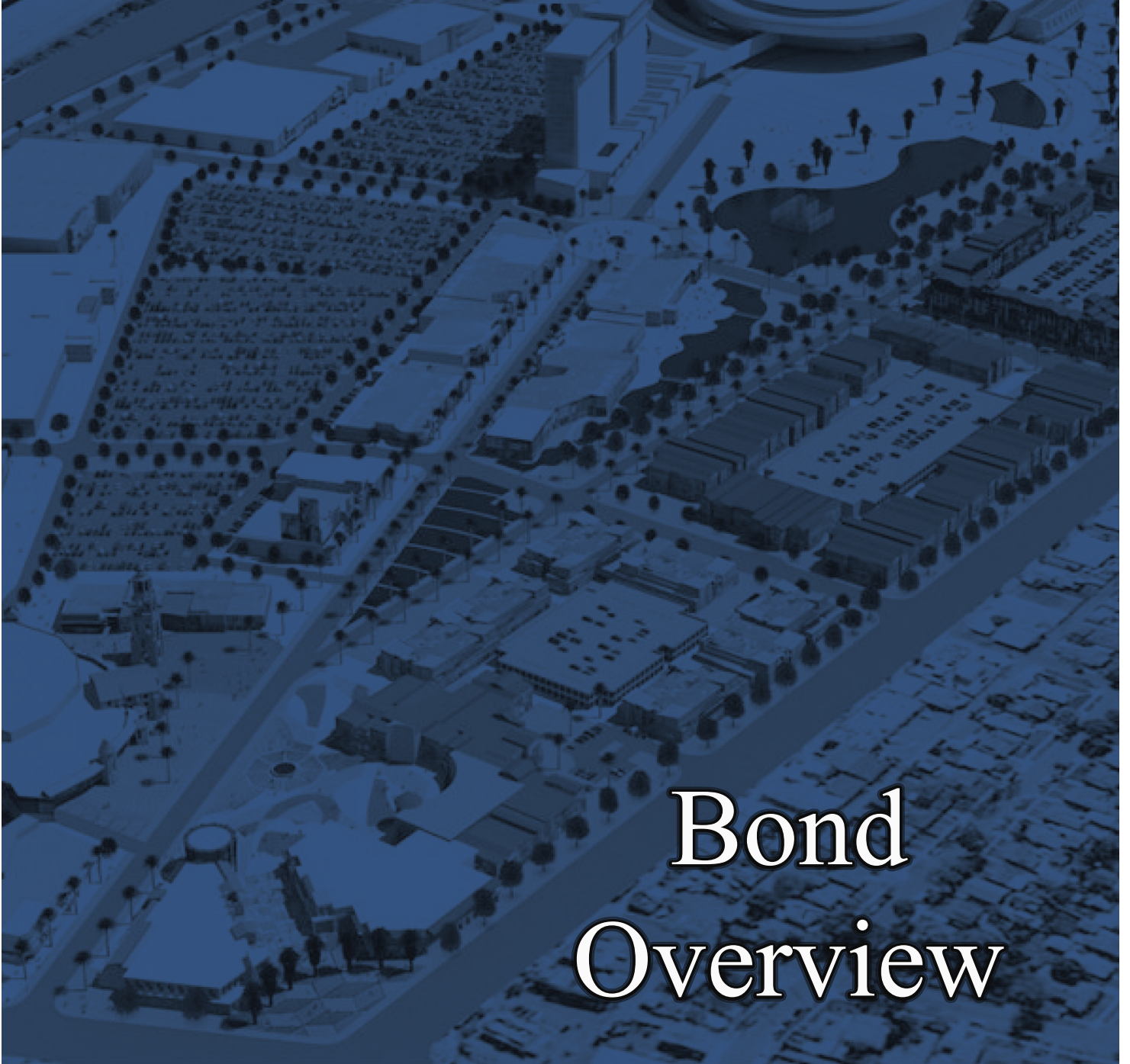




**ANGELES**  
FIELDS



# Bond Overview



**RESOLUTION NO. 10H-39**

**A RESOLUTION OF THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY SETTING FORTH THE AUTHORITY'S OFFICIAL INTENT TO ISSUE REVENUE BONDS TO UNDERTAKE THE FINANCING OF A PROJECT FOR ANGELES FIELDS PARTNERS LLC (OR AN AFFILIATE) AND RELATED ACTIONS**

**WHEREAS**, the California Statewide Communities Development Authority (the "Authority") is authorized and empowered by Title 1, Division 7, Chapter 5 of the California Government Code (the "Act") and a joint exercise of powers agreement among a number of California cities, counties and special districts, to issue revenue bonds in order to promote economic development; and

**WHEREAS**, Angeles Fields Partners LLC and/or related entities (the "Borrower") has requested that the Authority issue and sell revenue bonds (the "Bonds") pursuant to the Act for the purpose of financing acquisition and construction of a mixed-use development to be located in the City of Lynwood that is proposed to consist of three unique major retail centers, a football/soccer stadium, a business hotel, a regional convention center and adjoining hotel, office buildings and residential units (the "Project"); and

**WHEREAS**, the Borrower has therefore submitted, and this Commission has accepted, an application requesting financing for such Project; and

**WHEREAS**, the Authority wishes to declare its intention to authorize the issuance of Bonds for the purpose of financing costs of the Project in an aggregate principal amount of approximately \$4,800,000,000;

**NOW, THEREFORE, BE IT RESOLVED** by the California Statewide Communities Development Authority, as follows:

Section 1. The Commission hereby finds and determines that the above recitals are true and correct.

Section 2. The Authority hereby declares its official intent to provide financing for the Project by the issuance and sale of the Bonds pursuant to the Act, as shall be authorized by resolution of the Authority at a meeting to be held for such purpose, in an approximate principal amount of \$4,800,000,000. This action is taken expressly for the purpose of inducing the Borrower to undertake the Project, and nothing contained herein shall be construed to signify that the Project complies with the planning, zoning, subdivision and building laws and ordinances applicable thereto or to suggest that the Authority or any program participant, officer or agent of the Authority will grant any such approval, consent or permit that may be required in connection with the acquisition, construction, rehabilitation or equipping of the Project, or that the Authority will make any expenditures, incur any indebtedness, or proceed with the financing of the Project.

\* \* \* \* \*

PASSED AND ADOPTED by the California Statewide Communities Development Authority this 27th day of October, 2010.

I, the undersigned, the duly appointed, and qualified member of the Commission of the California Statewide Communities Development Authority, DO HEREBY CERTIFY that the foregoing resolution was duly adopted by the Commission of said Authority at a duly called meeting of the Commission of said Authority held in accordance with law on October 27, 2010.

By:  \_\_\_\_\_  
Authorized Signatory

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TREND IN THE REGION

## Conduit Sparks a Row

*California Agency Works In State and Out*

Friday, June 10, 2011

By Randall Jensen

WALNUT CREEK, Calif. - California's largest conduit bond issuer and its private contractor are on the defensive after recent attacks on its roles both in and out of the state.

The rumblings include a state lawmaker's recent call for an audit of two large conduit issuers structured as joint powers authorities - the California Statewide Communities Development Authority and the California Municipal Finance Authority - and reactions around the country to the opening last year of a CSCDA-linked conduit issuer in Wisconsin that handles nationwide deals.

The recent allegations are reminiscent of a battle three years ago that ended with the California Legislature in 2009 passing a bill demanding more transparency from joint powers authority conduits.

The CSCDA is operated by HB Capital Resources Ltd, a private firm that won the original contract to run the conduit issuer in 1988 from the authority's co-sponsors: the California State Association of Counties and the League of California Cities.

The authority has become a lightning rod because it is the state's largest conduit and a model for using private contractors to operate a nominally governmental bond issuer.

Critics have voiced concerns over transparency and conflicts of interest. But the allegations have especially focused on HB Capital's fee percentages and employee compensation in light of the recent public pay scandals in California.

James Hamill, a program manager for the CSCDA and nephew of one of its founders, Stephen Hamill, in an interview at HB Capital's Walnut Creek, Calif., office, said the firm's compensation must be weighed against its public benefit over a long history.

He said the CSCDA has helped facilitate a great deal of affordable housing, health care facilities and manufacturing jobs.

"There are no taxpayer dollars going into this, there are no public pensions Hamill said."It is at the risk to us. If the tax-exempt market drops off tomorrow and there are no deals for three years, we are not here, we go away."

Hamill said HB Capital is an "open book" and has no problem complying with the proposed audit.

Last month, Assemblyman Mike Feuer, D-Los Angeles sent a letter to the head of the state's Joint Legislative Audit Committee asking for the state auditor to investigate the conduits.

In the letter, Feuer raised concerns about transparency and public benefit. Specifically, he alleged HB Capital's compensation is based on how much debt the CSCDA issues, demonstrating a likely conflict of interest because it's in the interest of the firm for the board to approve deals.

The Lawmaker also cited Los Angeles County's January withdrawal from the authority, citing a desire to retain local control over bond financings and unease about securities law and potential litigation.

The audit committee is set to hear the request in August after a review by the state auditor.

More than 500 cities, counties and special districts are members of the CSCDA. It has issued more than \$44 billion of debt through more than 1,300 bond transactions.

The agency issued \$3.18 billion of debt in fiscal 2010, according to its audited financial report. In calendar 2010, it sold \$1.57 billion of bonds, making it one of the nation's top 50 issuers after it sold \$4.1 billion to be the seventh-largest a year earlier, according to Thomson Reuters.

The CSAC and the League of Cities split \$3.4 million from the conduit's \$16 million of revenue that comes mainly from fees in fiscal 2010, according to the financial report. HB Capital and its subsidiaries made \$9.27 million, or 58% of revenue.

The CSCDA spent the remaining \$3.3 million mainly on "deposits returned and other," including \$89,000 to bond counsel, the financial report said.

In light of public pay scandals, HB Capital's perceived high salaries have come under new fire from its critics. The criticism has focused on HB Capital founders Stephen Hamill and Gerald Burke.

How much Hamill and Burke actually make is unknown; in required state disclosure documents, they simply check the box for compensation above \$100,000, the largest category available on the forms.

The forms also show their ownership of HB Capital is worth more than \$1 million, also the largest category available.

"Sometimes your competitors - and the state of California is one of those competitors - don't like the fact that we use a different business model, that we have relied on contract staff as opposed to building a staff of public employees and that we are able to move as quickly as we can," said Chris McKenzie, executive director of the League of California Cities,

McKenzie said the CSCDA's business is so successful because its fees are competitive. It offers a range of services and it is responsive to its members.

California Treasurer Bill Lockyer has been a long-time critic of the conduit issuers and has doubled-down on his criticism since the authority has again come under scrutiny.

"We have long believed that CSCDA is a private business being run out of a government agency," Lockyer spokesman Tom Dresslar said recently in reaction to the audit request. "A thorough scrubbing of their books and their operations is long overdue."

The treasurer's office operates several conduit issuers, including the California Health Facilities Financing Authority. Other conduits are run out of other state agencies and joint powers authorities compete with the CSCDA.

A major complaint alleged by Lockyer has been the authorities' lack of transparency.

The CSCDA and other joint powers authority conduits were not required to file an audited financial statement until the Legislature required it in 2009. They were also forced to tighten board membership and meeting notice requirements.

McKenzie said the CSCDA has local hearings on their projects and must get approval from local agencies to fund them.

"We have a process that is more transparent than the state's process, which the treasurer is involved in," McKenzie said. "We don't do a financing if a local government doesn't want us to do a financing, unlike the state, which is doing this many times without the knowledge of the local government."

One source with experience doing business with both the authority and conduits sponsored by the treasurer's office said the CSCDA is typically more hands-off and efficient with the deals that go through them, while the state conduit issuers take a closer look at the deals and impose more restrictions.

The state conduits, especially the California Health Facilities Financing Authority, developed a reputation for politicization. In 2006, a union at nonprofit Sutter Health persuaded allies on the CHFFA board, headed by then Treasurer Phil Angelides, to hold off on a planned bond issue by the hospital chain. That deal eventually went forward in 2007 after Lockyer took office as treasurer and signaled that he wanted to make the CHFFA a more competitive option for issuers.

The CSCDA acts as a one-stop shop for borrowers, instead of going to several different state issuers for different types of deals, such as for health care facilities or affordable housing.

Hamill said the accusations against the CSCDA don't hold water.

"Our record speaks for itself; we have had one default, one real, true default out of those 1,300 issuances in our 24-year history," Hamill said. "That is a testament to our risk profile."

He said the authority rejects 50% to 60% of the deal applications before they even get to the board for approval.

HB Capital has taken its business model to Wisconsin, where it staffs the Public Finance Authority, a conduit issuer created to operate with a nationwide scope.

Hamill said the Wisconsin officials, along with the National Association of Counties and the National League of Cities, went to HB Capital and asked them to consult on starting up a conduit issuer that could function across state lines.

"We were not involved in the formation," Hamill said.

Legislation that would have authorized the CSCDA to operate nationally failed in the California Legislature in 2007.

Orrick, Herrington ft Sutcliffe, the largest bond counsel firm in the country, which also serves as the authority's counsel, helped draft the Wisconsin legislation creating the Public Finance Authority. After the PFA was created last year, HB Capital responded to a request for proposals and won the contract, according to Hamill.

So far, the PFA has issued bonds for projects in Colorado, Florida, Georgia, New York, and Wisconsin.

The PFA says it saves multi-state entities money by allowing them to use one issuer and helps smaller municipalities overcome technical hurdles.

The new authority provoked strong reactions from some state conduit agencies, with some states passing or introducing legislation to ban out-of-state issuers from working with in-state projects.

"PFA was not established to subvert anything that the state issuers are doing," Hamill said. "There was not really an entity out there that could go across state lines."

As with the global economy, Hamill said, it is more efficient to remove boundaries between states in the tax exempt market. He said HB Capital now has people in Wisconsin and across the country helping to set up issues through the PFA.

"This is what CSCDA and PFA do for a living - all we do is issue tax-exempt bonds," Hamill said. "This is bringing more professionalism to the tax-exempt bond world."

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Client Services 1-800-221-1809, 8:30am - 5:30pm, ET

[http://www.bondbuyer.com/issues/120\\_III/California-largest-conduit-audits-investigation-...](http://www.bondbuyer.com/issues/120_III/California-largest-conduit-audits-investigation-...)





**From:** "Bacchus, Colleen (US - Las Vegas)" <cbacchus@deloitte.com>

**Date:** Fri, 7 Oct 2011 00:11:16 +0000

**To:** john@jwmventures.net<john@jwmventures.net>

**Cc:** McFarlane, Kevin D (US - Los Angeles)<kemcfarlane@DELOITTE.com>; Ziglar, Jim (US - New York)<jziglar@deloitte.com>; Rieb, Marcus (US -Las Vegas) <mrieb@deloitte.com>

**Subject:** capital finance timeline

John

Attached is a timeline and process document for assistance in obtaining the bond financing you have been allocated. Some important things to note:

- This is a very high level analysis
- A 6-7 month time frame is probably realistic (and maybe aggressive)
  - We will help you expedite this timeframe as much as we can
- We would expect our fees to be in the nature of a retainer of \$200k per month, and then some sort of success-based incentive fee
- You would also have to involve bond counsel and an underwriter
  - The underwriter may accept a contingent fee engagement whereby they would receive their fee only upon closing, and would likely come out of bond proceeds
    - The ability to attract this type of arrangement is less dependent on your project, and more dependent on your team, your preparedness, and how likely the underwriters feel that they can be successful
      - Our assistance on the front end would help you to be more attractive to underwriters and hopefully enable you to strike this type of arrangement
  - The bond counsel fees are quite variable as well, but they would need to be paid as time and materials as you go
- While the total cost of this from start to issuance of proceeds is highly dependent on the process and timeline, we can tell you that from our experience, this is probably a \$3-4 MM process, possibly even \$5MM.
  - While this amount may seem high, remember that you are working to obtain \$5Billion in financing.

Now that I have given you the sticker shock, let me know if you want me to set up a call w/ Kevin and Jim to further discuss. Finally, if there is any way we can help in your communication to Mr. J Wood, please let us know. We would be willing to meet w/ him if that helps in any way.

Good luck in your discussions.

Regards,  
Colleen



## High-Level Roadmap to Issuing Revenue Bonds for Angeles Fields

Process Step	Timing
<b>Preparation Phase</b>	
Obtain Bond Counsel / Tax Counsel / Disclosure Counsel	Complete? (Deloitte will advise if Jones Hall is not providing all services)
Obtain revenue advisor to refine estimates of tax revenues, as appropriate.	Complete?
Assess with Counsel any outstanding requirements for: <ol style="list-style-type: none"> <li>1. public hearings or notices</li> <li>2. applicable qualification/limitations on use of proceeds for tax-exempt bonds</li> <li>3. other Local or Federal legal or disclosure compliance</li> <li>4. other open issues</li> </ol> and develop financing timeline	1 – 5 weeks
Obtain Trustee, Paying Agent/Registrar as appropriate	2 – 8 weeks
Draft Bond / Trust Indenture	3 – 5 weeks
Draft Loan Agreements between California Statewide Development Authority, appropriate municipalities and Angeles Fields Partners	3 – 5 weeks
Conduct any necessary revenue studies	0 – 12 weeks
Secure property and finalize any credit-critical agreements that will generate revenues for first bond issue	TBD
Develop preliminary debt structure analysis (fixed rate, floating, synthetic fixed, etc...)	3 – 8 weeks
Begin drafting Official Statement and other financing documents	4 – 8 weeks
Develop financial statements to be included in Official Statement	TBD
Begin discussions with underwriters to gauge interest	2 – 5 weeks
Conduct any public hearings / notices as appropriate	Concurrent
<b>Structuring Phase</b>	
Select underwriting team for financing program	2 – 4 weeks
Complete revenue study	See above
Finalize debt structure	2 – 10 weeks
Conduct discussions with Rating Agencies	6 – 10 weeks
Conduct discussions with Bond Insurer, as appropriate	6 – 10 weeks
Finalize legal documents	Concurrent with rest
Conduct any public hearings / notices as appropriate	Concurrent
<b>Marketing Phase</b>	
Receive Preliminary Ratings	See above
Finalize insurance decision	1 week
Conduct bond “road show” (virtual is possible) 3 – 4 weeks before pricing	1 week
Finalize and release Preliminary Official Statement (2 – 3 weeks before pricing at latest, preferably with Road Show)	2 weeks
Price Bonds, Sign BPA	1 day
Close Bonds	3 weeks







**From:** "Rieb, Marcus (US - Las Vegas)" <mrieb@deloitte.com>

**Date:** Tue, 12 Jul 2011 16:32:28 +0000

**To:** john@jwmventures.net<john@jwmventures.net>; Howard Gordon<Hgordon@angelesfieldsholdings.net>;  
vchandran@angelesfieldsholdings.net<vchandran@angelesfieldsholdings.net>

**Cc:** Bacchus, Colleen (US - Las Vegas)<cbacchus@deloitte.com>

**Subject:** Angeles Fields - Tax Credit Discussion

John/Howard/Vijay:

Our national tax credit specialists are going to be in Las Vegas, August 11<sup>th</sup> to meet with a client. I wanted to see if you are available to meet with them on Friday, August 12<sup>th</sup> in the morning. I had a conversation this morning with one of the specialists who reviewed your business plan; he mentioned that there are numerous tax credits and incentives available for this project. They would be interested in meeting with you to discuss.

Please let me know if you are available.

Regards – Marcus





## Work Order

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Work Order Number: X

Authorized Start Date: October 1, 2011

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This Work Order incorporates the terms and conditions of the Engagement Letter between Deloitte Tax LLP (“Deloitte Tax”) and Angeles Field Partners LLC and its subsidiaries and/or affiliates (“Client”) dated July 15, 2011.

### Description of Advisory Services:

Client has requested the following tax advisory services (“Advisory Services”) in connection with Client’s Angeles Fields (“Project”) in Lynwood, CA. The Advisory Services under this Work Order do not anticipate the issuance of any tax opinions. In the event a tax opinion is requested, such services would be provided pursuant to a separate work order. Deloitte Tax’s Advisory Services will include the following:

#### Phase I – NMTC Eligibility and Identification of Potential NMTC Allocatees

During Phase I, Deloitte Tax will advise Client as it undertakes to evaluate the eligibility of the Project for the New Markets Tax Credit under Internal Revenue Code (“IRC”) section 45D (“NMTC”). Deloitte Tax will also advise Client regarding the identification of entities that have been allocated NMTCs (“identified NMTC Allocatees”) that may have available NMTCs to support the Project. The Phase I Advisory Services will be based upon analyzing publicly available Community Development Financial Institution Fund (“CDFI”) data regarding: unutilized NMTC allocation, designated service areas, conforming business strategies, and other public information regarding CDEs participating in the CDFI Fund NMTC Program (“NMTC Program”).

Client will initiate contact with identified NMTC Allocatees. At Client’s request, Deloitte Tax will advise Client as Client prepares for and participates in meetings and/or conference calls with identified NMTC Allocatees to discuss the Project and the Project’s potential qualification under IRC section 45D and relevant NMTC rules and regulations.

The Advisory Services will include the following:

- General education and guidance related to the provisions of section 45D and the NMTC conceptual framework regarding the NMTC, common ownership structures for business activities qualifying for NMTC, the potential tax impact to Client of a transaction involving a NMTC, and the methodology and process needed to obtain a NMTC allocation commitment from a Community Development Entity (“CDE”).
- Comparison of Project location and address with eligibility requirements under the NMTC program administered by the U.S. Department of Treasury.
- Analysis and advice on the IRC section 45D(d)(2) requirement to qualify Project as a Qualified Active Low-Income Community Business (“QALICB”).
- Assist Client in preparing a generic project summary (“Project Summary”), for Client’s review and approval, to be submitted to CDEs selected by Client to obtain a NMTC allocation commitment.
- Analysis of NMTC impact of Project based on a set of general assumptions regarding fees, tax credit pricing, and related assumptions provided by Client.

The deliverable for Phase I will be a Project Summary that will consist of the following items:

- Description of Client;
- Project overview;
- Analysis of potential eligibility for NMTC
- Client’s estimate of Project costs and jobs impact

Client will review and approve the Project Summary.

Phase I will conclude upon Client's receipt of commitment letter(s) or term sheets or letters of rejection from the identified NMTC Allocatees.

#### Phase II – NMTC Transaction Advisory Services

The following Phase II Advisory Services are provided to advise Client as Client endeavors to execute agreements with identified NMTC Allocatee(s) from which commitment letters have been received and other entities involved in the NMTC Program:

- Participate as Client's tax advisor in various conference calls with Client and its attorneys regarding Client's final Project transaction structure.
- Provide federal income tax consultation regarding Client's expected federal income tax consequences resulting from the NMTC Program structure.
- Assist with preparing schedule of Client's expected tax consequences resulting from final Project investment structure based on assumptions provided by Client.
- Analyze and provide observations to Client concerning the federal income tax considerations and NMTC provisions with regards to preliminary and final Project transaction documents.

Deloitte Tax's analysis of transaction documents and responses to Client's specific tax and transaction-oriented questions will be based upon an analysis of various transaction related documents and books and records (collectively, "books and records") relevant to the NMTC Program transaction that Client provides to Deloitte Tax. With respect to such Transaction Advisory Services, Deloitte Tax is entitled to assume without independent verification the accuracy of all representations, assumptions, information and data provided by Client and its representatives. Deloitte Tax may ask Client to clarify or supplement information provided in this context.

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#### **Estimated Timing for Advisory Services and Deliverables (if any):**

Deloitte Tax will begin work promptly with the Phase I Advisory Services upon receipt of the signed Work Order from Client and will proceed to Phase II only at the direction of Client.

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#### **Fees and Expenses (if different from the provisions stated in the Engagement Letter):**

The Deloitte Tax professional fees for our Advisory Services will be billed based on the amount of professional time incurred at our agreed-upon hourly billing rates, which vary depending upon the experience level of the professionals involved, plus expenses. Deloitte Tax fees for Phase I are expected to range from \$115,000 to \$135,000.

Upon completion of Phase I, Client will determine whether to proceed to Phase II. The Client is under no obligation to proceed with the work under Phase II. Fees for Phase II Advisory Services are expected to range from \$130,000 to \$150,000. If additional, unforeseen services are needed that would exceed estimated fee ranges for any phase of services, Deloitte Tax will notify and consult with Client prior to providing such services.

Deloitte Tax will bill \$30,000 of the Phase I fee upon commencement, and the remaining fees and expenses will be billed monthly as work progresses.

The fees and expenses are not dependent upon the findings or results of the Advisory Services or the ultimate resolution of any items with the identified NMTC Allocatees, CDEs, or taxing authorities, nor are those amounts contingent or refundable.

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#### **Client Responsibilities:**

Client shall not, expressly or by any implication, identify Deloitte Tax, in any manner whatsoever, as being involved in performing the Advisory Services or as the source of the content as reflected in such Client's Project Summary without the prior written consent of Deloitte Tax.

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**Other Terms (if applicable):**

Unless provided for in a separate engagement letter or work order, any tax advice provided by Deloitte Tax through any written or electronic communication resulting from or related to the Advisory Services described in this Work Order is not to be considered a “reliance opinion”, as defined in Section 10.35 of Treasury Department Circular 230, and is not intended or written by Deloitte Tax to be used, and any such communication cannot be used by Client, for the purposes of avoiding penalties that may be imposed by any governmental taxing authority or agency.

**CONSENT FOR DISCLOSURE AND USE OF TAX RETURN INFORMATION**

Client authorizes that any and all information (i) furnished to Deloitte Tax for or in connection with the Advisory Services under this Work Order, (ii) derived or generated by Deloitte Tax from the information described in (i) above, or (iii) associated with prior years’ tax return information in the possession of Deloitte Tax may, for a period of up to eight (8) years from the date of this Work Order, be used by Deloitte Tax and disclosed to and considered and used by any Deloitte Tax affiliate, related entity (or its affiliate) or subcontractor, in each case, whether located within or outside the United States, engaged directly or indirectly for the purpose of providing services in connection with the Services under this Work Order and preparation of tax returns, audited financial statements, or other financial statements or financial information as required by a government authority, municipality or regulatory body. Disclosures under this paragraph may consist of all information contained in Client’s tax returns; if Client wishes to request a more limited disclosure of tax return information, Client must inform Deloitte Tax. Client acknowledges that Client’s tax return information may be disclosed to Deloitte Tax affiliates, related entities (or their affiliates) or subcontractors located outside of the United States.

---

**Angeles Field Partners, LLC**

By: \_\_\_\_\_  
Printed  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**Deloitte Tax LLP**

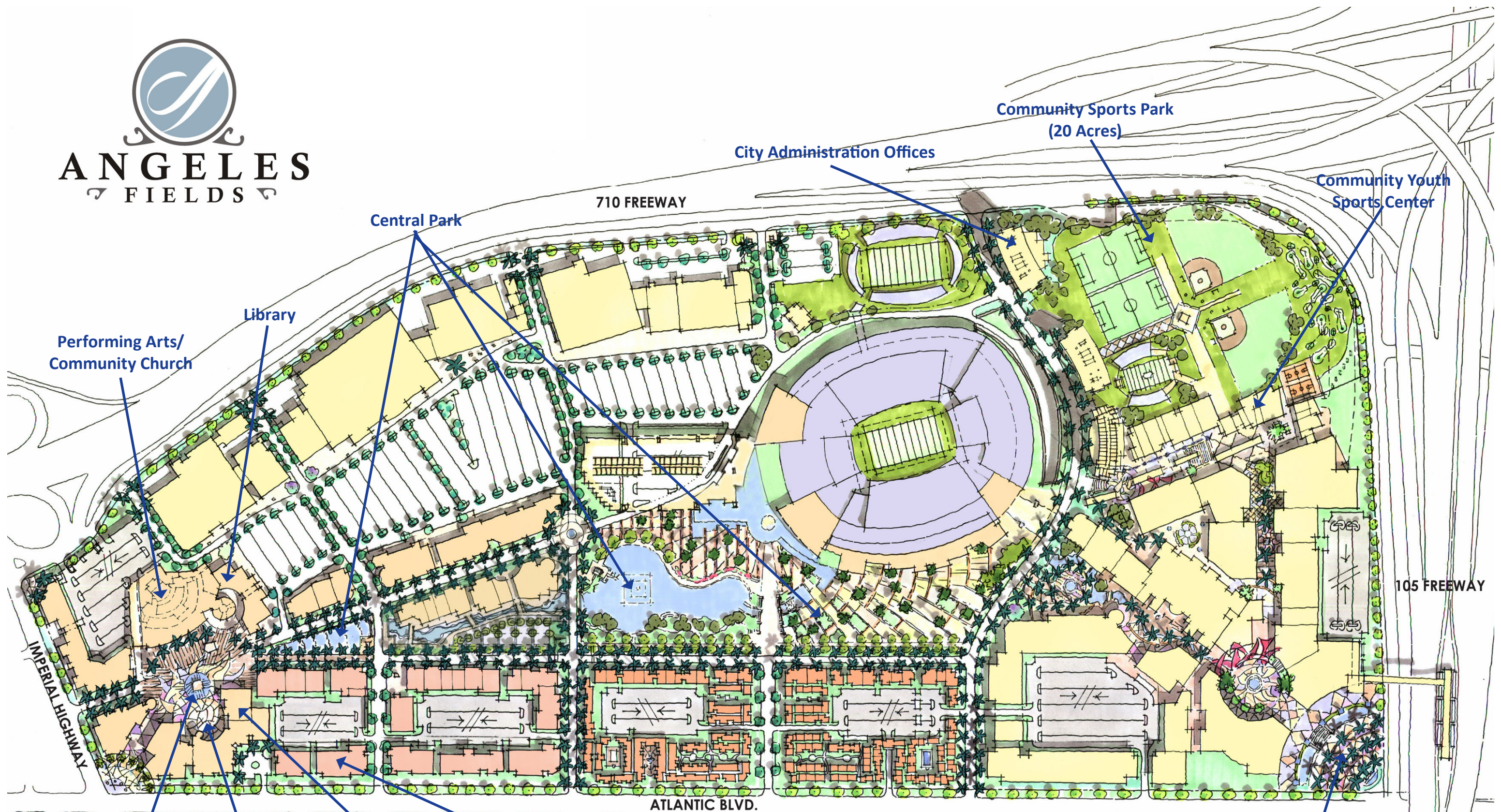
By: \_\_\_\_\_  
Printed  
Name: Colleen Bacchus  
Title: Partner  
Date: \_\_\_\_\_





# ANGELES

FIELDS



Performing Arts/  
Community Church

Library

Central Park

City Administration Offices

Community Sports Park  
(20 Acres)

Community Youth  
Sports Center

Plaza

Civic Center

Police  
Headquarters

Fire Station

ATLANTIC BLVD.

**City of Lynwood Facilities**

- Civic Center
- Police Headquarters
- Fire Station
- Library
- Administration Offices
- Performing Arts/Church
- Sports Park
- Youth Sports Center

Transit/Bus  
Plaza



**From:** Jose Domene <jose@chiv.as>  
**Date:** Wed, 26 Oct 2011 10:18:02 -0700  
**To:** John McDonald<john@jwmventures.net>  
**Cc:** Lorenzo Cue<lcue@capitalintegral.com.mx>  
**Subject:** MOU

Hi John,

I just spoke to Lorenzo Cue (Chivas USA's Managing Partner) and asked me to send you this email, confirming that Chivas USA's Board has approved the MOU in principal, pending our attorney's review and final approval. Once that happens, I will send you the signed version. Should you have any questions or need my assistance (or confirmation) during your meetings, do not hesitate to call me on my cell 310.415.7131

Best,

Jose

Jose L. Domene

General Manager / VP of Soccer Operations  
Club Deportivo Chivas USA (MLS)  
18400 Avalon Boulevard, Suite 500  
Carson, CA 90746  
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+1 310 630 4551 (fax)  
Tickets: + 1-877.CHIVAS.1



# ANGELES FIELD PARTNERS MEMORANDUM OF UNDERSTANDING

**THIS MEMORANDUM OF UNDERSTANDING** (the “MOU”) is entered into as of October, \_\_\_\_\_, 2011 by and between CD CHIVAS USA (“TEAM”) and ANGELES FIELD PARTNERS, LLC, a California limited liability company (the “DEVELOPER”), on the other hand, on the terms and provisions set forth below.

## RECITALS

WHEREAS, DEVELOPER has submitted a preliminary document proposal for the development of a mixed use project on the Project site with the Lynwood Redevelopment Agency, obtained an Exclusive Negotiation Agreement to develop approximately 300 acres called “Angeles Fields” or the “Project”. The Angeles Fields site is comprised essentially and primarily of 200 acres of land and is approximately 1.5 million square feet of mixed-use space specifically consisting of an 30,000 to 45,000 seat capacity and “state of the art” type Major League Soccer Stadium (“Stadium”), including Office space, 4 Locker rooms, Lounge and Training Room, Parking structure (no less than 10,000 spaces); Training Facilities: which shall include 2 Professional Size Fields (Natural Grass), 1 Professional Size Artificial Turf Field, 2 Youth Fields (Artificial Turf), Full Gym-Medical Room and Youth Development Dormitories; (2) hotels providing 750 hotel rooms, 100,000 square feet of office building space and Chivas Plaza (s.f. to be determined). In addition, the Project Site includes another separate fifty acres to build 300 replacement homes for those homes demolished or eliminated as a consequence of the development of the Project. The Project shall also contain the requisite open space uses, appropriate landscaping, and related parking.

WHEREAS, DEVELOPER plans to develop a combination of residential, retail, hotel, theater, and a Major League Soccer Stadium; and

WHEREAS, upon approval by the TEAM of a final lease agreement between TEAM and DEVELOPER, TEAM will commit to relocate to the Project site and play its home games in the Stadium located within the Project site; and

WHEREAS, DEVELOPER and TEAM wish to enter into the herein Memorandum of Understanding regarding the terms and conditions of their relationship regarding various aspects of the Stadium located within the Project.

NOW, THEREFORE, TEAM and the DEVELOPER agree as follows:

1. DEVELOPER will allocated up to \$320 million towards the design and construction of the Stadium and practice fields for TEAM. All design and construction of the Stadium shall be mutually approved by TEAM and DEVELOPER. DEVELOPER may use a financing mechanism, such as bonds, to finance the Stadium and practice fields, provided that: (a) TEAM shall have no role in, liability related to, or responsibility for such financing; (b) DEVELOPER has received a Resolution of Inducement from the California Statewide Communities Development Authority for the issuance of revenue bonds to satisfy the total cost of the Project. Resolution of Inducement No. 10H-39 is attached and incorporated by referenced into this document.; (c) Deloitte Tax, LLC shall provide the review of the underwriting for the bonds. Purchasers for the bonds have been identified

and will be Union Pension Funds. The DEVELOPER intends to have a Project Labor Agreement with all local Unions who provide labor for the project, which DEVELOPER projects to be approximately 17,000 Union jobs; (d) Debt Service: the bonds shall be debt service by property and retail sales tax rebates generated by the Project. (e) DEVELOPER anticipates 3-3.5 year time frame for design/construction/and completion of the stadium (Temporary Stadium Possible-To be determined).

2. TEAM shall play its home games in the Stadium and use the practice field. TEAM shall retain all net ticket sale revenue generated by the stadium during soccer events. TEAM and DEVELOPER shall split concession revenue during TEAM games in the following manner: TEAM shall receive 75% and DEVELOPER 25% of all Stadium Concession Sale Revenue during Soccer games. Net ticket sale revenue is defined as all revenue generated after deducting stadium operating expenses including, but not limited to staff, security, insurance, capital expenditures, supplies, maintenance, fulfillment, pro-rate share of Stadium property tax, Utility costs and CAM (Common Area Maintenance) costs inside "Chivas Campus".

3. In addition to the obligations in Paragraph 1 above, DEVELOPER shall be responsible for completion of the Environmental Impact Report ("EIR") and all related expenses for the Stadium, including any environmental related litigation. DEVELOPER shall secure complete EIR certification and all necessary permits for the Stadium.

4. In addition to the obligations in Paragraph 1 above, DEVELOPER shall be solely responsible for the acquisition of all land for the Project and all land for a mutually agreeable site for the Practice Field, including but not related to all related expenses and litigation.

5. DEVELOPER shall assure that all requirements, permits, toxic remediation, and funding of every kind and nature necessary for the Stadium to break ground. DEVELOPER shall assure that all requirements, permits, toxic remediation, and funding of every kind and nature necessary for the Stadium to break ground shall be finalized and included in the final long form Lease Agreement.

6. DEVELOPER shall retain ownership of the Stadium and Practice Field and shall lease the Stadium and Training Facilities to TEAM for One dollar (\$1.00) per year for the right to play at least 17 games per year, and the use of 5 practice fields. TEAM shall have the right to a lease on such terms for the Stadium and Training Facilities for a minimum of twenty five (25) years.

7. In the event DEVELOPER is able to secure Stadium naming rights (Soccer stadium only, not applicable to NFL Stadium or Joint Stadium), TEAM and DEVELOPER agree to the following revenue split: Sixty Five percent (65%) to TEAM and Thirty Five percent (35%) to DEVELOPER; (b) Advertising Revenue for Soccer games shall be split:

Sixty Percent (60%) to TEAM and Forty Percent (40%) to DEVELOPER. In the event DEVELOPER enters into a Lease Agreement with an NFL Team regarding the Stadium, the Stadium naming right split herein shall automatically terminate and the TEAM and DEVELOPER shall negotiate a new revenue split, if any. (c) In the event the Parties are able to secure Naming Rights for Chivas City or Campus Sponsorship, TEAM shall receive Seventy Percent (70%) and DEVELOPER shall receive Thirty Percent (30%).

8. TEAM shall have no liability for any debt and/or financial liability for the Stadium, Project and/or any parts of the development hereunder. DEVELOPER hereby agrees to defend, indemnify, and hold harmless TEAM its owners, and their respective partners, owners, employees, agents, officers, directors, and shareholders from and against any and all claims, debts, liabilities, demands, obligations, costs, fees, expenses, actions, and causes of action of any kind or nature whatsoever (including reasonable attorneys' fees) arising out of or in any way related to the Project and Stadium, including but not limited to all those related to any financing, bonds, securities, investments, EIRs or other environmental matters, transactions, acquisition of land, eminent domain matters, construction and/or taxes. This paragraph shall survive the termination of this MOU.

9. All funding for the Project shall be the sole responsibility of DEVELOPER, however, upon execution of the Lease Agreement, TEAM shall pay One Percent (1%) of the total cost to DEVELOPER in the following manner: The One Percent (1%) shall be placed in an escrow account; 50% of said escrow funds shall be immediately released to DEVELOPER; the remaining balance shall be released to DEVELOPER upon delivery of the permanent stadium to TEAM.

10. DEVELOPER and TEAM agree that time is of the essence in performance of all obligations set forth in DEVELOPER and TEAM agree that time is of the essence in performance of all obligations set forth in this MOU. DEVELOPER estimates the Time Frame for construction and completion of the Stadium herein to be three (3) years to three and one-half (3.5) years from Design of Permanent Stadium through Move In. DEVELOPER shall also make arrangements for a Temporary Stadium-NUSLI System installed and ready by February 2013 and rented by TEAM until new stadium is ready. In the event Permanent Stadium is not ready or DEVELOPER fails to deliver Stadium, TEAM has the right to either: Break Lease and leave with no penalty or Keep playing at the Temporary Stadium, and using Chivas Facilities at the terms agreed in the lease (no extra charge) In the event DEVELOPER fails to obtain any approval, complete any task, meet any financial or funding benchmarks, or obtain any permits set forth in this MOU or for any reason whatsoever, then (1) TEAM shall have the right to terminate this MOU by providing written notice to DEVELOPER (2) DEVELOPER shall have the right to terminate this MOU by providing written notice to TEAM in the event TEAM is unable to secure permission from the MLS to relocate to the herein Stadium site; pay any relocation fees or fails to satisfy any other MLS requirement regarding relocating to the herein Stadium site or any other obligations under this agreement.

11. DEVELOPER and TEAM agree that they shall keep all terms and conditions of this MOU, the existence of the MOU itself, and the existence of any relationship between DEVELOPER and TEAM in the strictest of confidence and will not disclose it to anyone without the DEVELOPER's written consent. DEVELOPER and TEAM agree that the terms of this MOU shall be disclosed only to their employees and contractors who have a need to know in connection with completion of obligations set forth in this MOU and who are informed of this confidentiality obligation and are obligated to limit their use of such information as provided in this paragraph.

12. DEVELOPER and TEAM acknowledge and agree that they are and shall act as independent contractors with respect to each other at all times and that under no circumstances shall this MOU be construed to create any relationship of agency, partnership, or joint venture between them.

13. TEAM warrants and represents that: (I) TEAM has the full right and authority to grant DEVELOPER all of the rights set forth in this Agreement free and clear of any claims, rights and obligations; (ii) TEAM has not granted nor will at any time grant to any third parties any rights which are inconsistent with the rights granted to DEVELOPER in this Agreement; (iii) the herein MOU and proposed Lease Agreement for the stadium will not infringe upon any existing lease agreement by TEAM or other rights of any person, State and/or City government, firm or corporation;

14. Any party seeking to terminate this Agreement shall provide written notice to the other party providing both: (i) the facts that demonstrate the other party's failure to comply with or satisfy the specific performance commitments and obligations established by this Agreement; and (ii) thirty (30) calendar days to correct or satisfy the matter(s).

15. Counterparts. This Agreement may be executed in any number of counterparts (including facsimile or email counterparts), all of which together shall constitute a single instrument.

16. This Agreement shall not be binding until it is approved by CD Chivas USA Board of Directors and Angeles Field Partners, LLC Board of Directors. In addition, said Board approval shall be sent to each respective party via certified written notification. Failure of either party hereunder to receive Board approval and/or provide certified written notice to the other party shall render the herein agreement null and void.

**IN WITNESS WHEREFOR**, the TEAM and DEVELOPER have executed this Agreement in the City of Los Angeles, County of Los Angeles, State of California, on the date herein above first set out.

The parties hereunder agree to reduce this MOU to a Lease Agreement, which shall reflect the terms and conditions of this MOU.

ANGELES FIELD PARTNERS, LLC

By: \_\_\_\_\_  
John McDonald  
President and Managing Partner

By: \_\_\_\_\_  
Authorized Signature  
CD CHIVAS USA

\_\_\_\_\_  
Print Name

Title: \_\_\_\_\_

\_\_\_\_\_  
Address

\_\_\_\_\_  
Address

\_\_\_\_\_  
Telephone



**From:** "Heaton, Albert (Marlton)" <[albert.heaton@stifel.com](mailto:albert.heaton@stifel.com)>  
**Date:** Tue, 1 Nov 2011 13:18:29 -0500  
**To:** <[john@jwmventures.net](mailto:john@jwmventures.net)>  
**Subject:** AF Project

Hi John,

On behalf of Stifel Nicolaus, I want to let you know that we are very excited to have an opportunity to work with you on the Angeles Fields project. We are very happy to be involved, and are thrilled to have been chosen.

Thank you very much – I am very much looking forward to it!

Respectfully,

Al

***Al Heaton, Jr.***

Associate Vice President/Investments

Private Client Group

Stifel Nicolaus

5 Greentree Centre

Rt. 73 S., Suite 205

Marlton, NJ 08053

Office: 856-810-4802

Fax: 856-810-7587

[albert.heaton@stifel.com](mailto:albert.heaton@stifel.com)

***The greatest expression of appreciation my clients and friends give me is the referral of their friends, family, and business associates. Thanks for all of your appreciation!***

**From:** Campos, Jake (Public Finance)  
**Sent:** Tuesday, November 01, 2011 1:36 PM  
**To:** Heaton, Albert (Marlton)  
**Subject:** AF Project

On behalf of Stone & Youngberg we would welcome the opportunity to work with JWM Ventures in exploring financing structures and opportunities for the Angeles Fields project. As California's most experienced underwriter of municipal securities, we have the experience within the state and nationwide to develop the optimal financing structure for the project. Please don't hesitate to reach out if we can answer any questions.

Thanks,  
Jake

**Jake Campos**

Stone & Youngberg LLC  
515 South Figueroa St, Ste 1800  
Los Angeles, CA 90071  
ph: 213.443.5017  
fx: 213.443.5023  
[jcampos@syllc.com](mailto:jcampos@syllc.com)  
[www.syllc.com](http://www.syllc.com)



## News Headlines

### Stifel Financial Schedules Third Quarter 2011 Financial Results Conference Call

Stifel Financial Corp. (NYSE: SF) will release its third quarter 2011 financial results after the market close on Wednesday, November 9, 2011. The company will host a conference call to review the results at 5:00 p.m. Eastern time that same day. The conference call may include forward-looking statements.

All interested parties are invited to listen to Stifel Chairman, President, and CEO Ronald J. Kruszewski by dialing (888) 676-3684 and referencing conference ID #25587443. A live audio webcast of the call, as well as a presentation highlighting the company's results, will be available through Stifel's web site, [www.stifel.com](http://www.stifel.com). For those who cannot listen to the live broadcast, a replay of the broadcast will be available through the above-referenced web site beginning approximately one hour following the completion of the call.



### Stifel Financial Completes Acquisition of Stone & Youngberg

"We are excited to welcome Ken and his team of talented partners. Stone & Youngberg is a leading firm in its markets, and we believe this strategic acquisition of a premier public finance and fixed income investment bank fits perfectly with our goal of expanding our client offerings through an even more robust platform. ([Read More](#))

**- Ronald J. Kruszewski**  
*Chairman, President, and CEO*



### Stifel Financial Responds to SEC Settlement With Royal Bank of Canada

## Financial

- ▶ U.S. markets slide hard on Italy's woes
- ▶ U.S. stocks retreat amid mixed job report, Greek vote
- ▶ U.S. stocks end mixed, Europe still in focus

## Business

- ▶ BP to switch from cleanup to restoration
- ▶ Toyota recalls 420,000 cars in U.S. for steering issue
- ▶ Blue Nile announces resignation of CEO
- ▶ BNY Mellon to provide administration and custody services for Oddo Asset
- ▶ Macy's Q3 Results Firm Over 2010 Levels, Raises Guidance - Shares off 3.5% in Pre-Market

## Front Page

- ▶ BP to switch from cleanup to restoration
- ▶ Occupy suit alleges free speech violations
- ▶ GOP debate could signal winnowing process
- ▶ Texas ruling blow for House GOP
- ▶ Man sentenced for trying to sell drone

### Investor Relations

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### Publications

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### Press Releases

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- ▶ [Stifel Financial Responds to SEC Settlement With Royal Bank of Canada](#)
- ▶ [Stifel Financial at the JMP Securities Financial Services & Real Estate Conference](#)
- ▶ [Stifel Nicolaus Announces Sponsorship of the Haskins Award Honoring the Nation's Top Collegiate Golfer](#)
- ▶ [Stifel Financial Announces Purchase of St. Louis HQ; Adding 225 Jobs](#)



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Stifel, Nicolaus & Company, Incorporated, Member NYSE, FINRA, and SIPC

Stifel Nicolaus Canada Inc., Member CIPF/FCPE and IIROC

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# STIFEL NICOLAUS

John McDonald  
Managing Partner  
JWM Ventures  
376 E. Warm Spring RD  
Ste. 110  
Las Vegas, NV 89119

Dear John,

Thank you for traveling to Philadelphia to meet with us at Stifel Nicolaus and the Colmen Group. I believe the meeting was particularly well received by Pete Colella and they are excited to move forward with you on the \$20 million equity infusion and we are excited to be a major participant in the revenue bond offering. I am working with Howard Gordon to answer certain basic questions Colmen has posed.

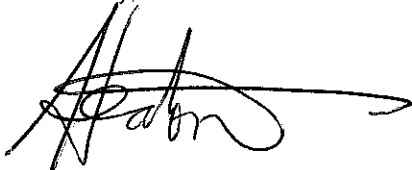
I want you to know that we understand and appreciate certain realities regarding Chivas USA and investment banking for Angeles Fields.

The Chivas USA move to Angeles Fields is somewhat of a two step process. Because of timing considerations, the team will need a temporary stadium and practice facilities, to be built and ready for the 2013 soccer season with the permanent stadium to follow shortly thereafter.

With regard to the investment banking function, we understand that the investment firm SL Hare will fulfill the minority component of the investment banking team. I look forward to meeting Sy Hare, and working with him as well as the staff at Deloitte in order to accomplish our goals.

Once again, thank you for the opportunity to be involved with this superior redevelopment project, and I look forward to a prosperous long term relationship with your company.

Sincerely,



Al Heaton  
Associate Vice President/Investments  
Stifel Nicolaus

STIFEL, NICOLAUS & COMPANY, INCORPORATED

FIVE GREENTREE CENTER | ROUTE 73 SOUTH, SUITE 205 | MARLTON, NEW JERSEY 08053  
(856) 810-4800 | (800) 805-2084 TOLL-FREE | (856) 810-7587 FAX

MEMBER SIPC AND NYSE

## FUND DISBURSEMENT AGREEMENT AND INSTRUCTIONS

This FUND DISBURSEMENT AGREEMENT AND INSTRUCTIONS is entered into on October \_\_\_\_, 2011, by and between the LYNWOOD REDEVELOPMENT AGENCY, a public entity, corporate and politic (“Agency”) whose address is 11330 Bullis Road, Lynwood, California 90262, and ANGELES FIELD PARTNERS, LLC, a California limited liability company (“Angeles Field” or the “Developer” interchangeably), whose address is 6320 Wilshire Boulevard, Suite 1200, Los Angeles, California 90048, hereby employ US Bank (“Bank”), as Escrow Agent in connection with the development of a mixed-use redevelopment project at properties within the City of Lynwood, California. (The Agency and the Developer are collectively known as the “Parties”.)

### RECITALS

A. Developer is proposing to develop a mixed-use redevelopment project, referred to herein as the “Project”, and desires to provide the Agency a deposit to assure the Agency may fund certain Project-related costs incurred by the Agency for various staff, consultant and general project administration costs, general and/or community plan amendments, redevelopment plan amendment, and zoning amendments (collectively “Agency Costs”), as further set forth in the Second Amendment to Amended and Restated Exclusive Negotiation Agreement, a copy of which is attached hereto as Exhibit “A” (“ENA”) for the Project within the Site, as such term is defined in the ENA.

B. Pursuant to Section 16 of the ENA, the Parties agreed to have Developer deposit \$500,000 (“Deposit”) with a nationally-recognized banking institution, such as Bank, in accordance with a mutually acceptable fund disbursement agreement, which Deposit is to be used exclusively to fund the Agency Costs.

C. The Parties wish to enter into this Agreement to establish an escrow account (“Escrow Account”) with Bank to describe the appropriate means for Bank to maintain and disburse any amounts of the Deposit.

NOW, THEREFORE, in consideration of the foregoing premises, the parties hereto state the Escrow Account shall be subject to the following terms and conditions, which shall be complied with on or before the date the ENA expires or terminates or such earlier time as the parties mutually request termination of this Agreement.

1. Incorporation of Recitals. The recitals set forth above are acknowledged by the Parties to be true and correct and are incorporated herein by this reference.

2. Deposit of Funds.

A. Concurrent with the execution of this Agreement, Developer shall pay to Agency the Deposit as a lump sum in the amount of Five Hundred Thousand and No/100

Dollars (\$500,000). Agency will transmit the Deposit to Bank within three (3) business days for deposit into the Escrow Account. All funds received in the Escrow Account shall be deposited by Bank in a segregated account at 3645 East Imperial Highway, Lynwood, CA 90262-2651, and held in the name of: Lynwood Redevelopment Agency Deposit for Angeles Field Project Costs.

B. Upon the expenditure of a portion of the Deposit proceeds by the Agency leaving a remaining balance of \$50,000 or less of Deposit proceeds, Developer shall promptly pay to Agency, for deposit with the Bank within three (3) business days, supplemental funds (each a "Supplemental Deposit") pursuant to Section 16 of the ENA. If Developer does not pay any Supplemental Deposit to Agency when required under this Section 2.B. or under Section 16 of the ENA, work by Agency or the Consultants on the Project shall be suspended until the applicable Supplemental Deposit is made to Agency.

3. Escrow Account Funds Deposit and Restrictions.

A. The Deposit and Supplemental Deposit shall be collectively referred to as the "Escrow Account Funds". The Escrow Account Funds shall be deposited in an interest bearing account and shall only be used as payment for Agency Costs incurred by Agency pursuant to Section 16 of the ENA, which includes Agency and City staff ~~and legal services related to negotiations under the ENA pursuant to such Section 16~~ and all contracts (collectively, "Contracts") between Agency and consultants and attorneys (collectively, "Consultants") as Agency may require to process and negotiate permits, entitlements and proposed conditions of approval of the Project, pursuant to the cost budget prepared by the Agency and pre-approved by the Developer. All interest shall accrue to the Developer at such times as Bank pays interest, but shall remain in trust and allocated pursuant to Section 16 of the ENA. Disbursement of Escrow Account Funds for Agency Costs will be made available for withdrawal by Agency pursuant for Section 5 below. Additionally, any Bank costs for the establishment and management of the Escrow Account shall be withdrawn from the Escrow Account; provided Bank describes such fees in the monthly statement required under Section 4 herein. The Escrow Account Funds shall be refunded in the manner and pursuant to the terms of Section 16 of the ENA.

B. Bank shall dedicate or set aside the Escrow Account Funds on behalf of Developer and for the Agency's benefit within twenty-four (24) hours of execution of this Agreement.

C. Bank warrants that the Escrow Account Funds are to be held in trust solely to secure Developer's obligations under the ENA; that Bank shall act as agent of Agency in holding the Escrow Account Funds; that the Escrow Account Funds will not be paid out or disbursed to, or on behalf of, the Agency except as set forth in this Agreement or the ENA; and that Bank may not modify or revoke its obligation to disburse funds from the Escrow Account Funds to or on behalf of the Developer or Agency. Bank warrants that the funds from the Escrow Account Funds are and will be available exclusively for payment of the Agency Costs.

D. Upon the termination of the ENA pursuant to the terms therein, this Agreement shall terminate following the distribution of the Escrow Account Funds in accordance with Section 16 of the ENA.

4. Statements.

A. Bank shall provide Developer and Agency monthly statements of the balance and any withdrawals from the Escrow Account Funds.

B. Agency shall provide Developer with a monthly accounting of Agency's use of the Escrow Account Funds to pay Agency Expenses within a reasonable time after the end of each calendar month during the term of this Agreement.

5. Disbursement Procedures. Funds from the Escrow Account Fund shall be advanced for payment of Agency Costs related to the Project, as described in the **governing** ENA, the terms of which are incorporated by this reference. All disbursements must comply with the following 2 procedures:

A. Request for Advance. At any time when Agency requires reimbursement or an advance of Escrow Account Funds to pay for Agency Costs; provided the **invoices and/or billing are either (i) consistent with the Contracts approved by Developer and Agency pursuant to Section 8 below, which Contracts shall be provided to Bank separately or (ii) for City or Agency staff or legal fees incurred for the purposes set forth in Section 16 of the ENA**, Agency shall deliver to Bank, with a copy to Developer, a written request for the disbursement of funds on forms acceptable to Bank. Such requests shall be signed by Agency's Executive Director or Deputy Executive Director. By signing the request for disbursement Agency is certifying: that all costs for which the advance is being requested have been incurred or are due to a Consultant in connection with the Project and within the scope of the ENA; that no funds are being requested for services not completed or amounts become due from the respective Consultant. Agency shall provide to Bank the list names of the Executive Director and Deputy Executive Director, and their respective signatures, required to sign the above described request(s) for disbursement of funds and shall update such list as any changes are made to the persons holding those offices. Developer shall not be able to request any funds from the Escrow Account, except as may be authorized upon termination of the ENA pursuant to the terms thereof.

B. Documentation, Waivers and Checks. Each request for disbursement of funds delivered to Bank shall be accompanied by: (i) one copy of each invoice to be paid or statement of Agency or City of Lynwood staff services performed in conjunction with the Project (copies of which will concurrently be sent to Developer); (ii) a written request **confirming the invoices and/or billing meet the requirements** pursuant to Section 5.A above; and (iii) if required by Bank, postage paid envelopes addressed to each payee for the mailing of checks presented to Bank.

C. Upon verification by Bank, **consistent with Sections 5.A and 5.B above**, of the invoices being presented to Bank, Bank shall advance funds into the checking account designated for the payment of the invoices or statements and mail the checks to the payee(s) in the envelopes presented to Bank. Under no circumstances shall Bank make a disbursement for the payment of an invoice if it in good faith believes that: (i) the services have not been completed or (ii) the requirements of Sections 5.A and 5.B above have not been met.

6. Effective Date. This Agreement shall be effective when executed by all parties and the Agency receives written documentation from Bank evidencing that: (1) the Deposit amount were deposited in a segregated account; and (2) the account is in the name of the Lynwood Redevelopment Agency Deposit for Angeles Field Project Costs. This Agreement shall terminate upon termination of the ENA and following the disbursement of all Escrow Funds upon termination pursuant to the terms of the ENA.

7. Clarification of Duties. The person designated by Bank as escrow agency/officer (“Escrow Agent/Officer”) shall serve ONLY in connection with these instructions and cannot give legal advice to any party hereto.

8. Approval of Consultants, ~~and~~ Contracts and Project Related Cost. **Agency shall promptly provide to Developer a list of all proposed Consultants and Contracts for Developer’s review and approval. Developer, upon receipt, shall have a reasonable time to perform a conflict review for each proposed Consultant and Contract. Conflict review shall consist of, but not limited to, litigation and employment history and all other matters which may create a conflict with Developer. Upon completion of the Conflict review, Developer shall provide written notification to Agency regarding its review findings. In the event a Consultant or Contract possesses a conflict with Developer, said Consultant or Contract shall be eliminated from the list of proposed Consultants and Contracts. In addition, Agency shall promptly provide to Developer along with the list of proposed Consultants and Contracts, a detailed scope of performance. Upon receipt, Developer shall have a reasonable time to review said scope of performance in order to ascertain and prevent duplication of work or work not necessary for the successful completion of the overall project and/or under the governing ENA; provided that nothing herein shall limit or prevent the retention of a Consultant to provide independent verification and/or evaluation to Agency or City of Developer’s proposal or proforma. Developer shall provide Agency with written objections to any scope of performance work by any proposed Consultant and Contract or proposed cost of said work. In the event of said objection, the parties agree to use best efforts to implement said objections into the scope of performance or proposed cost of said work per each Consultant and Contract. Notwithstanding, Developer shall retain final approval of all cost budgets prepared by Agency pursuant to paragraph 16 of the ENA. Developer agrees that the Agency’s legal services related to negotiations under the ENA shall not be subject to the provisions of this Section, but instead, shall be provided by Agency Counsel, Aleshire & Wynder, LLP, or such other firm as the Agency may select in the future, provided such future selection is consistent with applicable conflict of interest rules. In the event of an unresolved dispute, paragraph 16, herein shall be implemented for final determination**

Agency shall promptly provide to Developer copies of (a) any and all proposed Contracts; (b) proposed amendments and supplements to such Contracts that would have the effect of revising the approved budget under the ENA, prior to the execution thereof by Agency. Developer shall have a reasonable time thereafter within which to review and provide comments to and consult with Agency on such proposed Contracts and amendments and supplements thereto, Developer shall not be obligated to pay Agency Costs based upon a change in scope or schedule of any of them beyond those preapproved under the ENA, unless Developer has reviewed and approved such change thereto.

Agency and Developer shall meet on a quarterly bases to review the performances of each Consultant and/or Contract herein. In the event a Consultant and/or Contract is not performing satisfactory to the Agency or Developer, the parties may mutually agree to terminate said Consultant and/or Contract.

9. Notices. Any notices, bills, invoices or reports required by this Agreement shall be deemed received on (a) the day of delivery if delivered by hand during receiving party's regular business hours or by facsimile before or during receiving party's regular business hours; or (b) on the second business day following deposit in the United States mail, postage prepaid, to the addresses below, or to such other addresses as the parties may, from time to time, designate in writing pursuant to this section.

Agency: Lynwood Redevelopment Agency  
11330 Bullis Road  
Lynwood, California 90262  
Attn: Executive Director

Developer: Angeles Field Partners, LLC  
c/o Thomas & Assoc.  
6320 Wilshire Boulevard, Suite 1200  
Los Angeles, California 90048  
Attn: Bryan J. Thomas

10. Hold Harmless. Developer and Agency agree that Bank shall not be liable to for. Dispute that may arise between Developer or Agency related to this Agreement or the ENA and Developer and Agency each, for their part, shall defend, indemnify and hold harmless the Bank, its officers and employees (collectively, the "Indemnified Parties"), from and against any claims, suits, actions or proceedings, judicial or administrative, for writs, orders, injunction or other relief, damages, liability, cost and expense (including, without limitation, reasonable attorneys' fees) (collectively, "Claims") arising out of any such dispute or related to Developer or Agency's obligations under this Agreement and the ENA; provided, however, that the foregoing covenant to defend, indemnify and hold harmless the Indemnified Parties from and against any Claims shall not apply to any Claims arising from the sole negligence, or fraud or intentional misconduct, of any Indemnified Party.

11. Entire Agreement. This Agreement represents the entire and integrated agreement between Agency and Developer as to the subject matter contained herein. This



Agreement supersedes all prior oral or written negotiations, representations or agreements. This Agreement may not be amended, nor any provision or breach hereof waived, except in a writing signed by the parties, which writing expressly refers to this Agreement.

12. Time of the Essence. Time is of the essence of each and every provision of this Agreement.

13. Counterparts. This Agreement may be executed in two or more fully or partially executed counterparts, each of which will be deemed an original binding the signer thereof against the other signing parties, but all counterparts together will constitute one and the same instrument.

14. Severability. Any term or provision of this Agreement that is invalid or unenforceable in any jurisdiction will, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement, or affecting the validity or enforceability of any of the terms or provisions of this Agreement.

15. Further Assurances. Each party, at the request of the other, shall execute, acknowledge or have notarized (if appropriate) and deliver in a timely manner such additional documents, and do such other additional acts, also in a timely manner, as may be reasonably required in order to accomplish the intent and purposes of this Agreement.

16. Disputes. In the event any dispute arises under the terms of this Agreement, Developer, Agency and, if applicable, Bank, shall meet and confer with the objective of resolving such disputes within seven (7) days of the request of either party. If within seven (7) calendar days following such meeting, or such longer period as may be agreed upon by the parties, the dispute cannot be resolved by the parties to their mutual satisfaction, the parties agree that the dispute shall be determined in accordance with the laws of the State of California. Legal actions concerning any dispute, claim or matter arising out of or in relation to this Agreement shall be instituted in the Superior Court of the County of Los Angeles, State of California, or any other appropriate court in such county, and the parties covenant and agree to submit to the personal jurisdiction of such court in the event of such action.

[SIGNATURES APPEAR ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

“Agency”

LYNWOOD REDEVELOPMENT AGENCY,  
public entity, corporate and politic

By: \_\_\_\_\_  
Executive Director

Approved as to form:  
ALESHIRE & WYNDER

By: \_\_\_\_\_  
Agency Counsel

“Developer”

ANGELES FIELD PARTNERS, LLC, a California  
limited liability company

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

Its: \_\_\_\_\_

“Bank”

US BANK

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

Its: \_\_\_\_\_

Exhibit "A"

[Replace this page with Second Amendment to Amended and Restated Exclusive Negotiation Agreement]