

ATTACHMENT E

COMMUNITY BENEFITS PROGRAM LORENZO PROJECT

I. PURPOSE

The purpose of this Community Benefits Program for the Lorenzo Project is to provide for a coordinated effort between Coalition Organizations and Palmer to maximize the Project's benefits to the South Los Angeles community. This Community Benefits Program is agreed to by the Parties in connection with, and as a result of, the Cooperation Agreement to which it is attached. The Community Benefits Program will provide community-serving health and wellness space and funding for a community-serving health and wellness center, community health promotion, affordable housing promotion, small business support, transit oriented development support in the community, and support to address issues of local jobs and living wages for jobs provided at the Project and during Project construction.

II. DEFINITIONS

As used in this Community Benefits Program, the following capitalized terms shall have the following meanings. All definitions include both the singular and plural form. Any capitalized terms not specifically defined in this Community Benefits Program shall have the meanings as set forth in the Cooperation Agreement to which it is attached.

“At-Risk Resident” shall mean a Local Resident who either has a household income of less than 50% of the Area Median Income in Los Angeles County or has one of the following barriers to employment at the time of program entry: being homeless; history of substance abuse; receiving public assistance; lacking a GED or high school diploma; having a history of involvement with the justice system (including ex-gang affiliated); being a single custodial parent; or suffering from chronic unemployment.

“Certificate of Occupancy” shall mean either a Certificate of Occupancy or a Temporary Certificate of Occupancy for any residential unit or retail space in the Project (for these purposes, the Health and Wellness Center is neither residential nor retail space).

“Community Benefits Fund” shall mean a nonprofit fund or trust account that shall be established with and administered by The California Endowment or another qualified third party designated by the Coalition Organizations' Representative, established to hold and distribute funds provided to it by Palmer according to procedures established by agreement between the third party entity and the Coalition Organizations' Representative, with such funds to be used only for purposes as set forth in this Program.

“Construction Employer” shall mean any Contractor performing Project Work, including subcontractors of any tier.

“Contractor” shall mean any individual firm, partnership, owner operator, or corporation, or combination thereof, including joint ventures, performing Project Work.

“Cooperation Agreement” shall mean the Cooperation Agreement to which this Community Benefits Program is attached.

“Health and Wellness Center” shall mean a 7,500 square-foot community health facility on the ground floor of the Project dedicated to the following uses: health care, improving nutrition, wellness, health awareness, fitness and health education, for low-income and indigent families and individuals who are underserved, uninsured, and underinsured.

“Health and Wellness Center Operator” shall mean St. John’s or another non-profit medical or health services provider or providers mutually approved by the Coalition Organizations’ Representative and Palmer. Palmer shall not unreasonably refrain from approving a provider other than St. John’s.

“Jobs Coordinator” shall mean an entity designated by the Coalition Organizations’ Representative, subject to Palmer’s approval which shall not unreasonably be withheld, to perform referral services and related services pertaining to Section V of this Program.

“LAHD” shall mean the Los Angeles Housing Department.

“Lease” shall mean the lease agreement that shall be entered into by and between Palmer and the Health and Wellness Center Operator (or Operators) and that shall contain terms and conditions consistent with this Program and the Cooperation Agreement.

“Local Hire Schedule” shall mean a schedule that establishes the hiring process and the approximate timetable to be followed by Palmer and all Construction Employers to achieve the overall requirements of the Jobs Program set forth in Section V.D of this Program.

“Local Resident” shall mean an individual whose primary place of residence is within (3) three miles of the Project or in a Poverty ZIP Code at the time of hire.

“Local Small Business” shall mean a local business that: (1) is privately owned and operated; (2) has fewer than fifteen (15) employees; (3) makes no more than \$300,000 in annual gross sales at the time of lease execution; (4) is not affiliated with a national, corporate chain; and (5) is owned by an individual or individuals residing within three

miles of the Project, or in any Poverty Zip Code that is within five miles of the Project at the time of lease execution.

“On-Site Work” shall mean work, other than construction work, performed on the Project site by an individual whose employment position is performed in whole or in part at the Project Site.

“Permanent Employer” shall mean Palmer and any entity that employs at least fifteen (15) employees in performance of On-Site Work, excluding any owners of the entity or the owners’ family members.

“Poverty ZIP Code” shall mean a zip code within in the City of Los Angeles that contains all or part of a census tract in which the rate of unemployment exceeds 150% of the average for Los Angeles County.

“Program” shall mean this Community Benefits Program.

“Project Work” shall mean construction work physically performed on the Project Site.

“St. John’s” shall mean St. John’s Well Child & Family Center, Inc., a California nonprofit corporation.

“Term” shall mean the twenty (20) year period commencing on the date the initial Health and Wellness Center Operator accepts possession of the Health and Wellness Center space.

III. HEALTH SERVICES

- A.** Purpose. The purpose of this Section is to address the deficit of community-serving health care uses in the South Los Angeles community. This Section establishes a Health and Wellness Center on the ground floor of the Project dedicated to the following uses: health care, improving nutrition, wellness, health awareness and education, and fitness solely for low-income and indigent families and individuals who are underserved, uninsured, and underinsured. The Health and Wellness Center will be maintained for local residents of South Los Angeles in an easily accessible and responsive manner. The community-serving health efforts under this Section will help address this deficit, providing a lasting benefit to the South Los Angeles community.
- B.** Designated Health and Wellness Center Space. Palmer shall provide 7,500 square feet in the Project’s ground floor in the approximate location shown on Exhibit 1 to this Program for the Health and Wellness Center. Palmer agrees to provide the

Health and Wellness Center space to the Health and Wellness Center Operator, who shall enter a Lease for the Health and Wellness Center.

1. **Rent-Free.** The Health and Wellness Center space shall be provided rent-free and real estate tax-free for the Term, but the Health and Wellness Center Operator will be required to pay all utilities and other operating expenses for the Health and Wellness Center.
2. **Selection of New Health and Wellness Center Operator.** If at any time during the Term the Health and Wellness Center Operator is unable to continue operation of the Health and Wellness Center, the Coalition Organizations' Representative may nominate for Palmer's approval, which shall not unreasonably be withheld, one or more other qualified community health and wellness providers to operate the Health and Wellness Center. Any such new provider or providers shall then become the Health and Wellness Center Operator for purposes of this Program and shall enter a new Lease with Palmer for the remainder of the Term, on the same terms as the previous Lease with the previous Health and Wellness Center Operator. If the Coalition Organizations' Representative cannot identify a qualified new community health and wellness provider such that the space designated for the Health and Wellness Center remains vacant for two (2) years, then Palmer shall no longer be obligated to make that space available for the Health and Wellness Center and may find another tenant for that space. Under no circumstances can the Health and Wellness Center be operated so as to create a nuisance to the Project or the community, nor can it be operated in violation of any federal, state, or local law, nor can it be used as a dispensary for medical marijuana, methadone, or other similar substances.
3. **Expiration of Term and Right of First Refusal.** If a Health and Wellness Center Operator in possession of the Health and Wellness Center wants to continue to operate the Health and Wellness Center at the end of the Term, then six (6) months prior to the end of the Term the Health and Wellness Center Operator shall make this intention known to Palmer in writing and the parties may, in their mutual discretion, negotiate a new lease in good faith under market terms. After the expiration of the Term, if a Health and Wellness Center Operator elects not to negotiate a new lease, the Coalition Organizations' Representative shall be offered the right of first refusal to negotiate with Palmer a new lease in good faith under market terms for the

Health and Wellness Center space to provide health, wellness, and education services.

4. Design of Physical Layout and Architect Fees Paid. The design and layout of the Health and Wellness Center shall be reasonably consistent with the sample schematic St. John's has provided to Palmer and that is attached as Exhibit 2 to this Program. Any changes to that design shall be mutually agreed upon by St. John's and Palmer. Palmer shall cover all reasonable architectural expenses related to the design of the Health and Wellness Center, including the design of all reasonably requested tenant improvements.
5. Complete Construction of Physical Layout. Prior to the first tenant occupancy of the residential or retail portions of the Project, Palmer shall construct the tenant improvements to the Health and Wellness Center consistent with the mutually agreed upon design and layout at its sole expense. The finished quality of the tenant improvements will be of reasonable quality for such a nonprofit medical health center serving an at-risk population in the City of Los Angeles.
6. Signage. Clear and appropriate signage shall be provided to direct patients to the Health and Wellness Center. Signage shall be provided at the same standards of quality and size as what is provided for retail spaces at the Project.
7. Parking. Parking for the Health and Wellness Center patrons will be sufficient to meet the reasonable needs of the Health and Wellness Center, taking into account that many patients are expected to travel by public transit and taking into account that Coalition Organizations have advocated for de-coupling parking and space leases to discourage car trips. Reasonable parking shall be provided for employees of the Health and Wellness Center.
8. Access. Pedestrians must have direct access to the Health and Wellness Center from 23rd Street, and the Health and Wellness Center shall be in the approximate location shown on Exhibit 1 to this Program.
9. Safety. Palmer shall act in good faith and not treat the employees and patrons of the Health and Wellness Center any differently than retail

tenants of the Project with respect to secure and harassment-free means of entry and exit to the Health and Wellness Center.

- C. **Funding for Health Services.** Palmer shall pay a total of \$2,103,000 to the Community Benefits Fund to fund the establishment and operation of the Health and Wellness Center. That total sum shall be apportioned as follows.
 - 1. **Initial Operating Expenses.** Palmer shall pay \$220,000 to the Community Benefits Fund no later than three (3) months prior to occupancy by the first retail or residential tenant of the Project. These funds may be used to purchase medical supplies and pharmaceuticals for the Health and Wellness Center. Palmer shall pay \$649,000 to the Community Benefits Fund at least two (2) weeks prior to occupancy by the first retail or residential tenant of the Project. Palmer shall pay \$869,000 to the Community Benefits Fund no later than 365 days after the Community Benefits Fund receives the second payment required under this provision. These funds shall only be used to help fund the Health and Wellness Center's operations.
 - 2. **Medical Equipment.** Palmer shall pay \$365,000 to the Community Benefits Fund no later than three (3) months prior to occupancy by the first retail or residential tenant of the Project. These funds shall only be used to purchase medical equipment for the Health and Wellness Center.
- D. **Community Health Outreach.** Palmer shall pay \$160,000 to the Community Benefits Fund, which shall be used for health promotion services in South Los Angeles, including outreach to local residents regarding health care services and other health related information. These funds shall be paid to the Community Benefits Fund no later than six (6) months prior to occupancy by the first retail or residential tenant of the Project.

IV. AFFORDABLE HOUSING

- A. **Purpose.** The purpose of this Section IV is to address affordable housing needs in the South Los Angeles community. Palmer has included approximately 1,051 residential units as part of the Project. Palmer has committed to restrict five (5) percent of the Project's units to individuals or families at the Very Low income level. This Section provides for monitoring of this commitment, and funding for the development or retention of additional affordable housing at other locations in South Los Angeles. The

affordable housing efforts under this Section will provide a lasting benefit to the South Los Angeles community.

B. Affordable Housing Funding. Palmer shall pay a total of \$1,050,000 (exclusive of the funding requirement of Section C.7, below) to the Community Benefits Fund, which shall only be used to acquire or develop new affordable housing units, or to rehabilitate or preserve existing affordable housing units in South Los Angeles.

1. Timing of Distribution of Funds. Palmer shall pay \$500,000 to the Community Benefits Fund within thirty (30) days following the issuance of a building permit for the residential portion of the Project. Palmer shall pay a second installment of \$550,000 to the Community Benefits Fund no later than 365 days after the Community Benefits Fund receives the first payment required under this provision.

C. Affordable Housing Leasing and Monitoring.

1. Project Set Aside for Very Low Income Housing. Pursuant to the Los Angeles Density Bonus Ordinance (Los Angeles Municipal Code Section LAMC 12.22.A.25), Palmer shall set aside five (5) percent of the total housing units actually built in the Project for residents at the Very Low income level (the "Affordable Housing Units"). Palmer shall operate those Affordable Housing Units in full compliance with all of City of Los Angeles and LAHD requirements for Very Low income housing, including but not limited to the Los Angeles City Density Bonus Ordinance and the Density Bonus Agreement (hereinafter, the "Density Bonus Agreement") that shall be finalized and agreed upon with LAHD, a sample of which is included as Exhibit 3 for illustrative purposes (it is understood that Exhibit 3 contains a sample draft provided by LAHD, and is not the final version that LAHD and Palmer will execute). Affordable Housing Units shall be built on site, dispersed within the development, and comparable in size and bedroom unit mix to the market-rate units in the Project, consistent with the Los Angeles Density Bonus Ordinance and final Density Bonus Agreement. For purposes of this Agreement, the term "Very Low income" shall be as defined in the Los Angeles City Density Bonus Ordinance.

2. Eligibility of Student Applicants. In addition to complying with LAHD's requirements for Very Low income housing, Palmer shall apply the following additional eligibility restriction for applicants who are also full-time students. If all of the proposed occupants of an Affordable Housing

Unit are full-time students (as defined by the school the student attends), the proposed occupants shall be eligible for an Affordable Housing Unit only if, in addition to meeting all other eligibility requirements for Very Low income housing, at least one of the full-time student applicants meets one or more of the following criteria: (a) receives Temporary Assistance for Needy Families (TANF) assistance; or (b) is a single parent with a dependent child in the household; or (c) is a participant in a South LA job training program for at risk or disadvantaged persons. Students that are claimed as dependents on their parent's federal income taxes or whose parent(s) are guarantors of the rental/lease agreement must include parental household income information on their tenant income survey in order to determine affordable housing eligibility.

3. Initial Lease-up. Project leasing staff will meet with a representative designated by the Coalition Organizations ("Program Representative") to discuss the requirements of the leasing application process for the Affordable Housing Units at least two (2) months prior to initiation of the initial lease-up period for the Affordable Housing Units. Palmer also shall provide the Program Representative with marketing materials at least two (2) weeks prior to the initiation of the initial lease-up period for the Affordable Housing Units. The Program Representative can make referrals for the Affordable Housing Units and Palmer shall advise the Program Representative about the status of the Program Representative's referred applications and the reasons for denial, if any.
4. Vacancies. When vacancies occur or Palmer learns vacancies are about to occur in the Affordable Housing Units, Palmer shall notify the Program Representative on the earlier of the date that Palmer is required to provide notice of same to LAHD under the Density Bonus Agreement, or the date that is at least two (2) weeks prior to marketing a vacated or to be vacated unit.
5. Tenant Selection. Selection of tenants for the Affordable Housing Units shall be based on LAHD requirements. Further, and in addition to good faith consideration of the Program Representative's referrals for the Affordable Housing Units, Palmer shall give first priority to applicants who live and work in the City of Los Angeles.
6. Covenants. Prior to issuance of a Certificate of Occupancy, Palmer shall record affordability covenants required by LAHD on the Affordable

Housing Units guaranteeing that the units will be affordable to, and occupied by, Very Low income households for at least a period of thirty (30) years from the issuance of the initial Certificate of Occupancy.

7. Compliance Reviewer. Not later than six (6) months before issuance of a Certificate of Occupancy for residential uses at the Project, Palmer shall provide \$40,000 to the Community Benefits Fund to retain an entity to assist with reviewing all of Palmer's submissions to LAHD concerning the Affordable Housing Units, and, on at least a bi-annual basis, all applications and income verification information submitted for the Affordable Housing Units, along with access to the waitlist that is kept for those units, and to confirm that Palmer has met LAHD's requirements and complied fully with the affordable housing obligations in the Program. Palmer shall provide the reviewing entity with all of the aforementioned documentation and all documentation required by LAHD for monitoring the Affordable Housing Units at the time such documentation is provided to LAHD, and the reviewing entity shall conduct a peer-review of that documentation. In the event that the reviewing entity determines that Palmer is not in compliance with LAHD requirements, the reviewing entity or any Coalition Organization may report such non-compliance to LAHD for enforcement consistent with the provisions in the Affordable Housing Units' affordability covenants. Additionally, Coalition Organizations may take any other action under the Program to enforce in full Palmer's affordable housing commitments, including the right to enforce the provisions of the Density Bonus Agreement.

V. CONSTRUCTION JOBS

- A. Purpose. The purpose of this Section is to facilitate the employment of local low-income and at-risk job applicants in construction jobs associated with Project construction (the "Jobs Program").
- B. Construction Jobs Funding. No later than the issuance of a building permit for the Project's first residential units, Palmer shall pay \$60,000 to the Community Benefits Fund. These funds shall only be used to support activities of the Jobs Coordinator in relation to the Project.
- C. Compliance Reviewer. No later than two weeks prior to the issuance of a building permit for the Project's first residential units, Palmer shall provide \$40,000 to Coalition Organizations, to be used for retention of an entity to assist

in monitoring and enforcement of requirements of this Section (the “Compliance Reviewer”).

D. Jobs Program.

1. Construction Jobs Reserved for Local Residents. Palmer shall require that all Construction Employers working on the Project Site use their best efforts to achieve a goal of having thirty (30) percent of all hours of Project Work physically performed at the Project Site be performed by Local Residents (the “Local Hiring Goal”). The Local Hiring Goal shall be measured based on the total number of hours of Project Work, and not on the number of hours of Project Work performed by a particular Contractor or Contractors.
2. Construction Jobs Reserved for At-Risk Residents. Palmer shall require that all Construction Employers working on the Project Site use their best efforts to achieve a goal of having at least ten (10) percent of all hours of Project Work be performed by At-Risk Residents (the “At-Risk Hiring Goal”), which shall be divided as follows: at least eight (8) percent shall be worked by candidates referred by the Jobs Coordinator and the remaining two (2) percent may be worked by candidates from any source. The At-Risk Hiring Goal shall be measured based on the total number of hours of Project Work, and not on the number of hours of Project Work performed by a particular Contractor or Contractors. At-Risk Residents shall be counted towards the Local Hiring Goal.
3. Notification. Palmer shall require that each Construction Employer provides notification to the Jobs Coordinator of job openings at least thirty (30) days in advance of commencement of hiring for positions performing Project Work, where feasible and consistent with the Local Hiring Schedule. Notification includes the number and descriptions of available positions, job qualifications, salary, expected hours, duration of employment, and special job requirements (language skills, drivers’ license, etc.).
4. Hiring Priority. Palmer shall require that, in hiring At-Risk Residents for Project Work, each Construction Employer gives preference to At-Risk Residents whose primary place of residence is within a three (3) mile radius of the Project.

5. Hiring Orientation. At least thirty (30) days prior to commencement of construction activities by each Construction Employer, and at all pre-bid and pre-construction meetings for each Construction Employer, Palmer shall schedule an orientation with the Construction Employers who will be performing Project Work, and with the Jobs Coordinator and the Compliance Reviewer. The purpose of this orientation is to help all Construction Employers understand the provisions of this Section and, to ensure that they have a plan for compliance, including the preparation of a Local Hiring Schedule.
 6. Living Wage. Palmer shall require that any construction worker hired to meet the Local Hiring Goal or the At-Risk Hiring Goal receives at least a Living Wage as defined by the City's Living Wage Ordinance, Los Angeles Administrative Code, Section 10.37.
 7. Local Hire Report. Palmer shall report quarterly to the Jobs Coordinator on the progress of its compliance with this Section in a format to be determined by mutual agreement of Palmer and the Jobs Coordinator. In compiling Local Hire Reports, Palmer shall be entitled to rely on information provided by Construction Employers, without responsibility to perform independent investigation, unless Palmer receives an allegation or discovers evidence that a Construction Employer's reporting is inaccurate. Local Hire Reports shall detail each Construction Employer working on the Project Site, and shall include, at a minimum:
 - a. Residency of each Local Resident and At-Risk Resident hire;
 - b. Wage rates of each Local Resident and At-Risk Resident hire;
 - c. Hours of construction work performed by each Local Resident and At-Risk Resident hire (monthly and cumulative); and
 - d. Total hours performed by all construction workers on the Project Site (monthly and cumulative).
- F. Monitoring and Compliance. Palmer shall provide the Jobs Coordinator and the Compliance Reviewer with a Local Hiring Schedule and Local Hire Reports that shall provide the basis for establishing compliance with this Section.
1. Policies and Procedures. No later than-ninety (90) days following the issuance of all discretionary Project Approvals necessary to obtain building permits for the portion of the Project on Site A, provided that no litigation has been filed challenging those Project Approvals or, if so, that

the litigation is dismissed or Palmer prevails in it such that the Project Approvals are upheld in full and a judgment to that effect has become final, the Jobs Coordinator shall provide Palmer for its approval, which shall not be unreasonably withheld, policies and procedures for this Section V, that are consistent with the requirements of this Section. Palmer shall comply with the mutually agreed upon policies and procedures. The Jobs Coordinator shall refer all construction workers possessing required skills that satisfy the Local Hiring Goal or At-Risk Hiring Goal to Palmer.

2. Goal Achievement. If Palmer has met or exceeded the Local Hiring Goal and the At-Risk Hiring Goal upon the completion of Project construction, Palmer shall be in compliance with this Section V.
3. Other Demonstrations of Compliance. If Palmer has not met the Local Hiring Goal or the At-Risk Hiring Goal upon the completion of Project construction, but Palmer has substantially and in good faith performed the requirements of this Section V and documented the list of required activities below, Palmer shall be deemed in compliance with this Section V even if any Construction Employer on an individual basis fails to comply with the requirements of this Section or the list of required activities below:
 - a. Develop and submit a Local Hiring Schedule 30 days prior to construction start;
 - b. Contractually agree to comply with this Section and obtain letters of assent from each Construction Employer;
 - c. Work with the Jobs Coordinator; regularly contact and document contact with the Jobs Coordinator;
 - d. Use and document the use of the Jobs Coordinator-approved craft request forms to be sent to the Jobs Coordinator;
 - e. Document waiting period for requested referrals and any lack of responses from the Jobs Coordinator;
 - f. Document reasons for not hiring candidates referred by the Jobs Coordinator to meet Local Hiring Goal or At-Risk Hiring Goal, if applicable;
 - g. Submit quarterly Local Hire Reports in a timely manner; and
 - h. Allow the Jobs Coordinator and the Compliance Monitor reasonable access to documentation of those activities- in a timely manner.

4. Liquidated Damages for Non-Compliance. If Palmer has not met the Local Hiring Goal or the At-Risk Hiring Goal and has not substantially and in good faith performed the requirements of this Section V and documented performance of the list of required activities in Section V.F.3, Palmer shall pay liquidated damages to the Community Benefits Fund in the amount of \$168 (\$21 per hour) for each work-day by which performance fell short of the Local Hiring Goal or the At-Risk Hiring Goal. A work-day is defined as eight (8) hours of work for one employee.

VI. PERMANENT JOBS

- A. Purpose. The purpose of this Section is to facilitate the employment of local low-income job applicants in permanent, quality employment positions associated with the Project.
- B. Permanent Jobs Funding. Palmer shall pay a total of \$300,000 to the Community Benefits Fund: \$200,000 of which shall only be used to fund job training and referral services, including training and referral of workers for employment with Permanent Employers; and \$100,000 of which shall be used by Coalition Organizations for the purposes of monitoring, implementing and enforcing this Program.
 1. Timing of Distribution of Funds. Palmer shall pay \$200,000 to the Community Benefits Fund no later than six (6) months prior to occupancy by the first retail or residential tenant of the Project. Palmer shall pay the remaining \$100,000 to the Community Benefits Fund within thirty (30) days of the issuance of the first Certificate of Occupancy for any residential or retail portion of the Project.
- C. Permanent Jobs First Source Hiring Requirements.
 1. Local Resident Hiring Requirement. Palmer shall use its best efforts to achieve the goal of having at least forty (40) percent of employee hours of On-Site Work performed in the aggregate for the Project's Permanent Employers be worked by Local Residents (the "Permanent Hiring Goal"). Employees of the Health and Wellness Center and employees providing health promotion services through the funding provided under Section III.D who are Local Residents shall be counted towards the Permanent Hiring Goal to the extent inclusion of such employees helps achieve the Permanent Hiring Goal.

2. Hiring process.

- a. Long-Range Planning. Within a reasonable time after the information is available following agreement by a Permanent Employer to commence operations within the Project, the Permanent Employer shall provide to the Referral System, as defined in Section VI.C.3, a written description of the approximate number and type of jobs that will need to be filled and the basic qualifications necessary.
- b. Notification of Job Opportunities. Prior to hiring for any job for performance of On-Site Work, the Permanent Employer will notify the Referral System of available job openings and provide a description of job responsibilities and qualifications, including expectations, salary, work schedule, duration of employment, required standard of appearance, and any special requirements (e.g. language skills, drivers' license, etc.). Job qualifications shall be limited to skills directly related to performance of job duties, in the reasonable discretion of the Permanent Employer.
- c. Hiring. The Permanent Employer may at all times consider applicants referred or recruited through any source. When making initial hires for the commencement of the Permanent Employer's operations in the Project, the Permanent Employer will hire only Local Residents until the earlier of a three-week period following the notification of job opportunities described above or the Permanent Hiring Goal is met, based on the number of job opportunities then available for that Permanent Employer. When making hires after the commencement of operations in the Project, the Permanent Employer will hire only Local Residents for a five-day period following the notification of job opportunities, unless the Permanent Hiring Goal has already been met, based on the number of job opportunities then available for that Permanent Employer. During such periods, Permanent Employers may hire Local Residents recruited or referred through any source. During such periods Permanent Employers will use normal hiring practices, including interviews, to consider all applicants referred by the Referral System. After such periods, Permanent Employers

shall make good-faith efforts to hire Local Residents, but may hire any applicant recruited or referred through any source.

- d. **No Referral Fees.** Permanent Employers shall not be required to pay any fee, cost or expense of the Referral System or any potential employees referred to the Permanent Employer by the Referral System in connection with such referral.
 - e. **Reporting and Recordkeeping.** Palmer will provide reports to the Coalition Organizations' Representative regarding the number, by job classification, of Local Residents hired by the Permanent Employers during the previous reporting period and the total number of employees hired by the Permanent Employers during the previous reporting period (as provided below). In compiling these reports, Palmer shall be entitled to rely on information provided by Permanent Employers, without responsibility to perform independent investigation, unless Palmer receives an allegation or discovers evidence that a Permanent Employer's reporting is inaccurate. Each Permanent Employer shall retain records sufficient to assess compliance with requirements of this Section VI.C, including records of referrals from the Referral System, job applications, and number of Local Residents hired. These reports shall be provided quarterly for the first year following commencement of operations of any retail uses on Site A, and then annually thereafter. These reports shall be provided within thirty days after the end of the preceding reporting period.
3. **Referral System.** Coalition Organizations shall create and implement a referral system to refer qualified, trained applicants to Permanent Employers (the "Referral System"). After receiving notification of job openings from a Permanent Employer, the Referral System will attempt to promptly identify and refer to the Permanent Employer Local Residents and other applicants that meet the Permanent Employer's requested qualifications. The Referral System shall prioritize referrals in the following order:
- a. **First Priority:** Local Residents residing within a two-mile radius of the Project;
 - b. **Second Priority:** Local Residents residing within a five mile radius of the Project;

- c. Third Priority: other applicants meeting the Permanent Employer's requested qualifications.

D. Living Wage Requirement. Palmer shall ensure that 60% of the jobs in the Project performed for Permanent Employers for On-Site Work are Living Wage Jobs, as defined below (the "Living Wage Requirement"). Palmer and the Coalition Organizations agree that this is a reasonable requirement in light of all of the circumstances. Compliance with this requirement shall be measured every five years from issuance of the first Certificate of Occupancy for the residential or retail portion of the Project. Employees of the Health and Wellness Center and employees providing health promotion services through the funding provided under Section III.D shall be counted towards the Living Wage Requirement to the extent inclusion of such employees helps achieve the Living Wage Requirement.

- a. **Definition of Living Wage Jobs.** For purposes of this Program, the following jobs shall be considered Living Wage Jobs:

- i. jobs covered by the City's Living Wage Ordinance;
- ii. jobs for which the employee is paid on a salaried basis at least \$20,600 per year if the employee is provided with employer-sponsored health insurance, or \$23,100 per year otherwise (these amounts will be adjusted in concert with cost-of-living adjustments to wages required under the City's Living Wage Ordinance);
- iii. jobs for which the employee is paid at least \$10.30 per hour if the worker is provided with employer-sponsored health insurance, or \$11.55 per hour otherwise (these amounts will be adjusted in concert with cost-of-living adjustments to wages required under the City's Living Wage Ordinance); and
- iv. jobs covered by a collective bargaining agreement.

- b. **Compliance Calculation.** The percentage of Living Wage Jobs in the Project will be calculated as the number of workers performing On-Site Work for Permanent Employers in jobs that qualify as Living Wage Jobs, divided by the total number of employees performing On-Site Work for Permanent Employers.

- c. **Reporting Requirements.** Palmer will provide an annual report to the Coalition Organizations' Representative regarding the percentage of jobs in the Project that

are Living Wage Jobs. The report will contain Project-wide data as well as data regarding each Permanent Employer. Data regarding Permanent Employers will not include precise salaries; rather, such data will only include the number of jobs and the percentage of these jobs that are Living Wage Jobs. If the report indicates that the Living Wage Requirement is not being met, Palmer will include as part of the report a discussion of the reasons why that is the case. In compiling this report, Palmer shall be entitled to rely on information provided by employers, without responsibility to perform independent investigation, unless Palmer receives an allegation or discovers evidence that an employers' wage reporting is inaccurate. This report shall be filed for any given year or partial year by April 30th of the succeeding year.

E. Compliance.

- a. **Permanent Hiring Goal.** If Palmer and its Permanent Employers have substantially and in good faith complied with the hiring process in Section VI.C.2, Palmer shall be in compliance with the Permanent Hiring Goal even if it has not met the Permanent Hiring Goal in any one (1) year period. If Palmer has met the Permanent Hiring Goal for its own employees, but has not met the Permanent Hiring Goal when accounting for the employees of other Permanent Employers, Palmer shall nonetheless be in compliance with the Permanent Hiring Goal if Palmer includes in the annual report written evidence demonstrating best efforts to enforce the Permanent Hiring Goal on Permanent Employers, which evidence may include, but shall not be limited to, issuance of default or other enforcement letters under leases with Permanent Employers for failure to assist Palmer in meeting the Permanent Hiring Goal. If Palmer has not substantially and in good faith complied with the hiring process in Section VI.C.2 and has not met the Permanent Hiring Goal in any one (1) year period, Palmer agrees to pay into the Community Benefits Fund \$21 per hour for each hour short of the Permanent Hiring Goal in that year.
- b. **Living Wage Requirement.** Palmer shall be deemed in compliance with the Living Wage Requirement if the requirement is met on average over the 5-year period, even if in any one year during the five-year period, less than 60% of the jobs in the Project performed for Permanent Employers for On-Site Work are Living Wage Jobs. If Palmer has met the Living Wage Requirement for its own employees, but has not met the Living Wage Requirement when accounting for the employees of other Permanent Employers, Palmer shall nonetheless be in compliance with the Living Wage Requirement if Palmer includes in the annual report written evidence demonstrating best efforts to enforce the Living Wage Requirement on Permanent Employers, which evidence may include, but shall not

be limited to, issuance of default or other enforcement letters under leases with Permanent Employers for failure to assist Palmer in meeting the Living Wage Requirement. If Palmer has not met the Living Wage Requirement at the end of the 5-year compliance period established in Section VI.D, Palmer agrees to pay into the Community Benefits Fund \$21 per hour for each hour short of the Living Wage Requirement during that 5-year compliance period.

VII. SMALL BUSINESS

- A.** Purpose. The purpose of this Section is to promote small business development in the area surrounding the Project and the 23rd Street Exposition Light Rail Station. With the understanding that the South Los Angeles Area already suffers from a lack of technical assistance and financial investment in commercial areas, the goal is to provide economic opportunities that are not currently readily accessible to small business owners in the South Los Angeles community.
- B.** Funding for Small Businesses. Palmer shall pay a total of \$300,000 to the Community Benefits Fund, which shall only be used to create and facilitate the use of a revolving loan fund for small businesses in South Los Angeles.
1. Timing of Distribution of Funds. Palmer shall pay \$200,000 to the Community Benefits Fund no later than six (6) months prior to occupancy by the first retail or residential tenant of the Project. Palmer shall pay the remaining \$100,000 to the Community Benefits Fund within thirty (30) days of the issuance of a Certificate of Occupancy.
- C.** Local Small Business Space. Palmer shall set aside ten (10) percent of the Project's retail space for Local Small Businesses (the "Reserved Space"). The Reserved Space shall be provided to Local Small Businesses at a discount off of market rate rents for a ten (10) year period. The discounted rates will be the following:
1. Years 1-3: fifty (50) percent market value rent discount;
 2. Years 4-7: twenty-five (25) percent market value rent discount; and
 3. Years 8-10: ten (10) percent market value rent discount.
- D.** Small Business Referrals. An entity selected by Coalition Organizations shall identify and refer Local Small Businesses to Palmer as potential retail tenants in the Project. These referrals by the entity selected by Coalition Organizations shall be given priority consideration for the Reserved Space, which consideration shall result in leasing of available Reserved Space unless Palmer has a good faith

reason for selecting another tenant who conforms to the definition of Local Small Business.

- E. **Monitoring.** Palmer shall provide annual reports to Coalition Organizations' Representative starting one year from the date retail operations of the Project commence identifying the percentage of retail space in the Project occupied by Local Small Businesses.

VIII. FUNDING FOR TRANSIT ORIENTED DEVELOPMENT STRATEGIES

- A. **Purpose.** The purpose of this Section is to promote transit oriented development strategies and designs and/or implementation of those strategies in the communities surrounding the Project Site and in South Los Angeles. The goal of these provisions is to establish a fund to improve transit oriented designs and create smart growth projects, so as to avoid conflicts with the local community's access to transit.
- B. **Funding.** Palmer shall pay a total of \$200,000 to the Community Benefits Fund, which shall only be used to improve and facilitate transit oriented development strategies and smart growth strategies in South Los Angeles, and may not be used to specifically oppose any development project proposed by Palmer or the Palmer Releasees. This provision does not preclude use of such funds to support development of generalized policies regarding Transit Oriented Development and other smart growth practices or proposed means to improve any project, including any development project proposed by Palmer or the Palmer Releasees.
 - 1. **Timing of Distribution of Funds.** Palmer shall pay \$100,000 to the Community Benefits Fund no later than the issuance of a building permit for the Project's residential units. Palmer shall pay the remaining \$100,000 to the Community Benefits Fund within thirty (30) days of the issuance of a Certificate of Occupancy.

IX. POTENTIAL RE-ALLOCATION OF FUNDS

The Coalition Organizations may, in their discretion, use any of the funds paid to the Community Benefits Fund for any of the purposes detailed in this Program or for the administration, oversight, or enforcement of this Program or the Cooperation Agreement, without regard to the provisions in this Program discussing the currently planned uses for such funds. The Coalition Organizations shall not use any of the funds paid to the Community Benefits Fund for any other purposes. The Coalition Organizations shall have discretion to establish terms and procedures through which the entity holding the

Community Benefits Fund shall maintain and distribute such funds, so long as such terms and procedures, and the uses of such funds, are consistent with terms of this Program.