

**EXCLUSIVE NEGOTIATING AGREEMENT BETWEEN
INGLEWOOD UNIFIED SCHOOL DISTRICT AND
HARRIDGE DEVELOPMENT GROUP, LLC**

This EXCLUSIVE NEGOTIATING AGREEMENT (“Agreement”) is made this 17th day of 2022 (March 17, 2022), by and between the INGLEWOOD UNIFIED SCHOOL DISTRICT, a California public school district (“District”) and HARRIDGE DEVELOPMENT GROUP III, LLC (“Developer”). District and Developer may be referred to herein individually as a “Party” or collectively as the “Parties.”

RECITALS

WHEREAS, District owns a fee simple interest in approximately 22.6 acres of real property located on portions of the Morningside High School and Woodworth Elementary School campuses in Inglewood, California, directly south of West 104th Street between Yukon Avenue South and South 10th Avenue (“Property”), as depicted in **Exhibit “A”**. The Property is comprised of a portion of the athletic fields on the Morningside High School site and a portion of Woodworth Elementary School that is no longer being utilized by the District; and

WHEREAS, in furtherance of the District’s mission to develop rigorous educational programs for college and career pathways, and empower students and teachers, the District seeks to generate long term revenue by the Joint Occupancy development and ground lease of the Property (“Development Agreement”), and seeks to provide quality family housing for the community, provide community benefits both during and after construction, increase student population, support revitalization and beautification within the District’s boundaries; and

WHEREAS, the Development Agreement is being procured under the Joint Occupancy statutes, Education Code sections 17515, et seq. (“Joint Occupancy”); and

WHEREAS, to initiate the Joint Occupancy process on May 12, 2021, the County Administrator adopted Resolution No. 40/2020-2021, Resolution of Intention of the Inglewood Unified School District to Consider Proposals to Develop Certain District Real Property for Joint Occupancy, which authorized Staff to provide notice of the District’s intent to accept proposals for the joint occupancy of the Property, for a term not to exceed ninety-nine (99) years. It further directed staff to issue a Request for Qualifications and Request for Proposals (“RFQ/P”) and evaluate all proposals, plans and packages submitted in response to the RFQ/P and provide a recommendation to the County Administrator regarding the selection of proposals; and

WHEREAS, after a comprehensive review by Staff of the development proposals, including conducting site walks of representative projects and conducting interviews of the top-rated firms, on January 26, 2022, with the approval of Resolution No. 23/2021-2022, Resolution of the Inglewood Unified School District to Receive and Consider Proposals to Develop Certain District Real Property for Joint Occupancy and Approve Negotiating an Exclusive Negotiating Agreement with the Selected Developer, Developer’s proposal (“Developer’s Proposal”) was selected by the District because, of the proposals, it best meets the District’s mission and vision for the Property; and

WHEREAS, Developer's Proposal includes development of a community of three-story townhomes, some attached and others detached, spread over the 23 acres with open space, a park and recreational facility, and construction of a new Child Development Center with its own dedicated access and parking adjacent to the residential development (collectively, the "Proposed Project") on the Property. The Proposed Project is subject to change through negotiation and input derived from the District, community, and stakeholders. A preliminary and conceptual plan is attached as **Exhibit "B"**; and

WHEREAS, the Parties desire to negotiate in good faith the terms of an agreement for the disposition, design and construction of the Proposed Project, including the form of, and conditions for the Parties' entry into a ground lease of the Property to Developer or an affiliated entity controlled by Developer, as described in Section 4.7.9 below (collectively, the "Development Agreement"), and for the Term of this Agreement (defined below) District agrees to an exclusive negotiating period with Developer to negotiate the Development Agreement; and

WHEREAS, this Agreement does not constitute or evidence a project approval by the District or County Administrator or a commitment to any action for which prior environmental review is required under the California Environmental Quality Act ("CEQA"). District retains the absolute sole discretion to make decisions under CEQA with respect to the Proposed Project. There shall be no approval or commitment by District of the Development Agreement, the Proposed Project or any alternative development of any portion of the Property, unless and until the District has independently considered the environmental impacts of the Proposed Project in accordance with CEQA and all applicable regulations and laws applicable thereto.

NOW THEREFORE, with reference to these Recitals, which are an integral part and incorporated into the terms of this Agreement, and on the terms and conditions contained herein, the Parties agree as follows:

AGREEMENT

1. Good Faith Negotiations.

- 1.1. During the Term (as defined in Paragraph 2.1), District agrees to negotiate exclusively and in good faith with Developer and not solicit offers or proposals from other entities concerning the potential development of the Property ("Exclusivity Period"), as long as Developer is not otherwise in material default of its obligations under this Agreement. Notwithstanding the foregoing, District may, from time to time, be contacted by a third party regarding the development of the Property and that such contact is expressly permitted so long as District does not engage such third party in any discussions regarding development of the Property during the Exclusivity Period other to advise that District is bound by this Agreement and the termination date of the Exclusivity Period.
- 1.2. Among the issues to be addressed in the negotiations with Developer during the Exclusivity Period are: (1) the physical and land title conditions of the Property; (2) the land uses to be included in the Proposed Project, or portions thereof; (3) the type of land use entitlements necessary for the Proposed Project, including environmental review (but excluding any Department of State Architect approvals with respect to the

Child Development Facility); (4) financing and feasibility of the Proposed Project; (5) the marketing and management of the Proposed Project; (6) District and community use facilities; (7) community outreach plan and timeline; and (8) other matters that may be identified by either Party.

2. Term.

- 2.1. The term of this Agreement ("Term") shall be: twelve (12) months commencing on the Effective Date, subject to extension(s) as set forth below. If (a) the Parties have not executed and delivered the Development Agreement within the Term and (b) the District determines in its reasonable good faith discretion that substantial progress has been made toward fulfillment of the requirements of this Agreement, Developer may extend the Term six (6) times, each extension shall be for a period of six (6) months. The Developer shall deliver thirty (30) days' prior written notice of the Developer's intent to exercise the extension ("Extension Notice"). Promptly following District's approval of an Extension Notice in accordance with clause (b) above, the Developer shall deliver to Escrow (defined below) a non-refundable extension payment of one hundred and fifty thousand Dollars (\$150,000) (each, an "Extension Payment"). Each Extension Payment shall be entirely non-refundable upon delivery into Escrow. In addition, the Term (as it may have already been extended), may be extended if the District fails to perform any task or responsibility under the ENA Schedule of Performance, as provided in Section 4.2. The Term may be extended or modified beyond the extensions described in this Section only by formal action of the District.

3. Escrow, Initial Deposit; Payment; Cost Reimbursement Deposits.

- 3.1. **Escrow.** Developer shall open escrow Valerie Rapp, VP, Senior Advisory Escrow Officer Fidelity National Title, National Commercial Services Division Fidelity National Title Company, 4400 MacArthur Blvd., Suite 200, Newport Beach, CA 92660 Direct dial: 949.477.3646, fax: 866.935.6314 email: Valerie.Rapp@fnf.com ("Escrow").
- 3.2. **Initial Deposit.** In consideration for this Agreement and the Developer's exclusive right to negotiate under this Agreement, within ten (10) business days after the Effective Date, Developer shall deposit the amount of two hundred and fifty thousand dollars (\$250,000) via wire transfer or Automated Clearing House electronic funds transfer as directed by the District with Escrow ("Deposit"). On satisfaction of the Release Conditions as defined below, the Deposit shall be entirely non-refundable under this Agreement and available for immediate withdrawal by the District.
- 3.3. **Cost Reimbursement Deposits.** Within ten (10) business days after the last to occur of (a) Developer's waiver of its due diligence contingency by the sixtieth (60th) day of the Term; (b) the Parties' agreement to the ENA Schedule of Performance, and (c) the Parties' negotiation of, and agreement to a mutually acceptable form of Development Agreement by the sixtieth (60th) day of the Term (collectively, the "Release Conditions"), Developer shall immediately deposit an additional two million dollars (\$2,000,000) into Escrow, which shall be entirely non-refundable under this Agreement and available for immediate withdrawal by District. If Developer seeks to extend the

Agreement Term, in addition to the Extension Payment applicable thereto, concurrently with the delivery of the Extension Payment, Developer shall deposit an additional eight hundred and fifty thousand dollars (\$850,000) into Escrow which shall be entirely non-refundable provided the District at the time of such deposit, is not in default of this Agreement and available for immediate withdrawal by District. Such payments are intended to constitute the Parties' reasonable estimate of District's loss of revenue by extending the time before the Development Agreement is executed internal and external costs incurred in connection with the RFQ/P, the selection process, the negotiation of this Agreement, the negotiation of the Development Agreement, review of designs, plans and specifications for the Proposed Project, consideration of environmental impacts of the Proposed Project, participation in community input activities, and all other obligations and activities of District, including its staff and consultants, in connection with the Proposed Project. Nothing herein is intended to limit or restrict the District's use of any funds received under this Agreement.

- 3.4. **Summary of Deposits and Payments.** A summary of the deposits that are required to be or may at Developer option be made by Developer pursuant to this Section 3 is attached hereto as **Exhibit "D"**.

4. **Negotiation Tasks.**

- 4.1. **Overview.** To facilitate negotiation of the Development Agreement, the Parties shall use good faith efforts to accomplish the tasks set forth in this Section in the timeframe set forth herein that will support negotiation and execution of a mutually acceptable Development Agreement prior to the expiration of the Term. The Development Agreement shall not be executed and delivered by the District and Developer (or its affiliate) until all CEQA processes in connection therewith have been completed by the applicable government agencies, including the City of Inglewood and the District, all actions, determinations and findings in connection therewith have been issued by such agencies, and all applicable challenge and/or appeal periods have expired without challenge or appeal thereof (or if challenged or appealed, such challenges or appeals have been withdrawn on terms acceptable to Developer and the District).
- 4.2. **Schedule of Performance.** Within forty five (45) days after the Effective Date, Developer shall provide the District, for its review and approval, a proposed detailed schedule of performance for the development of the Proposed Project which shall include, but not be limited to the anticipated dates for applying for and obtaining land use entitlements and financing commitments for the Proposed Project, the date for the submittal of plans for review and approval by the District, and the dates for the commencement and completion of construction of the Proposed Project, including any phasing, and any other milestones or obligations identified in this Agreement (the "ENA Schedule of Performance"). Once approved The ENA Schedule of Performance shall be appended to the Development Agreement as an exhibit and shall be binding on the District and Developer. Any delay by the District in performing any take or obligation which is its responsibility thereunder shall result in an extension of all milestones thereafter, and shall also extend the Term of this Agreement without the need for further formal action by the District.

- 4.3. **Financing and Costs of Proposed Project.** Within forty-five (45) days after the Effective Date, Developer shall provide the District, for its review and approval, with a preliminary detailed financial proposal for the Proposed Project containing a development budget and proposed method of financing it (“Financing Proposal”), which may be provided in the form described in Section 4.7.6 below. The Financing Proposal shall identify projected sources of funding for each phase, or component, of the Proposed Project, including but not limited to proposed sources of debt and equity to be utilized for the Proposed Project, it being acknowledged that sources of construction financing cannot be committed prior to receipt of CEQA approval and entitlements. The Financial Proposal and proposed sources of financing shall be refined by the Parties during the Term, as appropriate, and will be used to evaluate the financial feasibility of the Proposed Project.
- 4.4. **Plans, Reports, Studies.** District shall make available to Developer, upon Developer’s written request, existing information and plans regarding the physical condition of the Property, including District’s existing improvements on the Property. Upon reasonable request, Developer shall either provide to District, or shall otherwise make the information available for review by District’s agents, negotiators and consultants, reasonably detailed information concerning the Proposed Project (to the extent available) that District reasonably shall require in order to make informed decisions about the content and approval of the Development Agreement.
- 4.5. **Development Documents.** All plans and any reports, investigations, studies (including reports relating to the soil, geotechnical, subsurface, environmental, and groundwater conditions of the Property, entitlement applications, CEQA related and other environmental documents, and reports filed in connection therewith) with respect to the Property, Proposed Project, and Developer’s intended use (collectively, the “Development Documents”) shall be prepared at Developer’s sole cost and expense. Developer shall timely provide District and without representation as to warranty, subject to the confidentiality provisions set forth herein, without cost or expense to District, copies of all final, non-legally privileged Development Documents prepared by or on behalf of Developer.
- 4.6. **Due Diligence/Feasibility Study.** During the Term, the Developer shall conduct due diligence activities it deems necessary to provide Developer with sufficient information to determine the feasibility of the Proposed Project on the Property, including but not limited to planning requirements, soils reports, noise study, hazardous materials report, financial feasibility study, infrastructure, and title adequacy.
- 4.6.1. **Physical Adequacy Determination.** The Developer shall have sixty (60) days after the Effective Date of this Agreement (“Due Diligence Period”) to determine whether the Property is suitable for the Proposed Project, taking into account the geotechnical and soils conditions, the presence or absence of toxic or other hazardous materials, the massing of the proposed development improvements, infrastructure, the planning requirements imposed on projects of this type, and the other environmental and regulatory factors that the Developer deems relevant. If the Developer desires to proceed with the

Proposed Project, the Developer shall notify the District in writing prior to the expiration of the Due Diligence Period of its determination (“Approval Notice”). If Developer fails to deliver an Approval Notice prior to the expiration of the Due Diligence Period, this Agreement may be terminated upon ten (10) days written notice of any Party, in which case the initial Deposit shall be promptly returned to Developer, and thereafter no Party shall have any further duties, obligations, rights, or liabilities, except as set forth herein. If the Developer does deliver an Approval Notice prior to the expiration of the Due Diligence Period, then the Property shall be deemed physically suitable for development of the Proposed Project and any Development Agreement shall not provide for the Developer to terminate the Development Agreement as a result of purported physical unsuitability. The Development Agreement shall provide that the Property is to be conveyed to the Developer in its “as-is” condition as of the date Developer sends its Approval Notice under this Agreement.

- 4.6.2. **Right of Entry.** As promptly as is commercially reasonable, Developer shall conduct such inspections, tests, surveys, and other analyses (“Inspections”) as Developer deems reasonably necessary to determine the condition of the Property or the feasibility of designing, developing, constructing, leasing, and financing the Proposed Project and shall complete such Inspections as promptly as reasonably possible within the Term. Any entry onto the Property by Developer or its employees, agents, contractors, successors, and assigns, shall be in accordance with a Right of Entry Agreement (“ROE”), in the form to be attached hereto as **Exhibit “C”**. Pursuant to the ROE, Developer shall coordinate and schedule the time(s) of its entry on to the Property to meet District requirements. Developer and its contractors’ access to the Property shall not interfere, conflict with, or impair any other operations or activities on the Property, as set forth in the ROE.
- 4.6.3. **Title Adequacy Determination.** Developer shall obtain a preliminary title report (“Report”) for the Property. If the Developer objects to any exception appearing in the Report or should any title exception arise after the date of the Report, the Developer may object to such exception, provided such objection is made to the District in writing on or before 5:00 P.M. on the thirtieth (30th) day following the Effective Date. If the Developer objects to any exception to title, the District, within fifteen (15) days of receipt of Developer's objection shall notify Developer in writing whether District elects to: (1) cause the exception to be removed of record; (2) obtain a commitment from the Title Company for an appropriate endorsement to the policy of title insurance to be issued to the Developer, insuring against the objectionable exception; or (3) terminate this Agreement unless the Developer elects to take title subject to such exception. If any Party elects to terminate this Agreement pursuant to this Section, no Party shall thereafter have any obligations to or rights against the others hereunder, except as set forth herein. If the Developer fails to provide any notification to the District regarding this matter prior to expiration of the time period set forth herein, the condition set forth in this Section shall

be deemed satisfied. Any executed Development Agreement shall not provide for an additional opportunity for the Developer to terminate the Development Agreement as a result of title to the Property; provided that it shall be a condition that the Property is leased to the Developer subject only to those exceptions Developer has agreed to accept pursuant to this Section.

4.6.4. **Utilities.** During the Term, the Developer shall consult with the utility companies to determine preliminarily if existing utility facilities require expansion, relocation or undergrounding in connection with the Proposed Project.

4.6.5. **Community Outreach Programs.** The Developer shall have sixty (60) days after the Effective Date of this Agreement to present a proposed plan for conducting outreach to various community groups and stakeholders for educating and soliciting input from the public with respect to the Proposed Project, and for informing the County Administrator, Board, regulatory agencies and stakeholders about the Proposed Project during the Term and during the term of the Development Agreement (“Community Outreach Program”). The Community Outreach Program shall include, without limitation, a plan for use of outreach tools (e.g., mailers, brochures, forums educating the public, and a budget for publicizing the Proposed Project), along with the Developer's strategy for publicizing the Proposed Project and for keeping the appropriate regulatory agencies apprised of the development status of the Proposed Project. The District may suggest reasonable revisions or changes to the proposed Community Outreach Program, which Developer shall implement unless implementation is not financially feasible, in which case the Developer shall provide the District with documentation illustrating why it cannot implement the District's requested changes. During the Term, the Parties shall mutually agree upon the proposed Community Outreach Program, and no Party shall unreasonably withhold, condition, or delay its consent to revisions or changes. The Developer agrees and acknowledges that maintaining professional working relations with the District's constituents, the public, and regulatory agencies, is critical to the District.

4.7. **Development Agreement.** The essential terms and conditions of the Development Agreement to be negotiated and drafted pursuant to this Agreement shall be guided by the following requirements and conditions:

4.7.1. The Development Agreement shall be subject to all applicable ordinances, policies, and requirements of the District, as well as state and federal law, including but not limited to compliance with applicable District policies and procedures and the Joint Occupancy statutes.

4.7.2. The Developer acknowledges that the Project may require discretionary approvals and entitlements from governmental authorities (“Entitlements”). During the Term, the Developer shall have the right to apply to any applicable governmental authority for Entitlements necessary for development of the

Proposed Project, which may include a conditional use permit, variance, site plan review, zoning amendment, a tentative map, and a final map. The Developer shall be responsible for the payment of all application fees associated with the Entitlements. Upon Developer's request, the District, at no out-of-pocket cost to District, promptly (and in any event, within fifteen (15) business days after such request) join in and execute, in its proprietary capacity as the owner of the Property, any application, submittals and/or covenants as Developer reasonably requests in connection with the Entitlements, and shall otherwise reasonably cooperate with Developer in Developer's attempt to procure the Entitlements, provided Developer timely provides District with copies of all proposed and final filings, submittals, and material written correspondence relating to any Entitlement applications. Should this Agreement terminate in accordance with its terms (other than an as result of District's default hereunder), District shall have the right to take over any Entitlements application.

- 4.7.3. The Developer shall work with the City of Inglewood, as lead agency, to prepare or cause to be prepared any appropriate environmental documentation required by CEQA in connection with the Proposed Project; provided, that nothing in this Agreement shall be construed to compel the District to approve or make any particular findings with respect to any CEQA documentation. The Developer shall provide such information about the Proposed Project as may be required to prepare or cause preparation and consideration of any CEQA required document, and shall otherwise generally cooperate to complete this task. The Developer shall be responsible for all costs associated with the preparation of the required CEQA documentation for the Project, and the Developer shall be responsible for the payment of all usual City fees and costs associated with the environmental review of the Proposed Project under Development Agreement; provided that if this Agreement terminates in accordance with its terms (other than an as result of District's default hereunder) and District (or a subsequent developer) takes over any Entitlements application, District shall be solely responsible for all costs associated with the preparation of the required CEQA documentation in connection with such application and payment of all usual City fees and costs associated with such environmental review unpaid as of or arising after the date of termination.
- 4.7.4. The Development Agreement shall provide that the scope of the development shall be consistent with the Proposed Project plans approved by the City during the entitlement process and analyzed for environmental impacts under CEQA. The Parties acknowledge and agree that the Proposed Project may be modified by the Parties, including changes to the mix of uses, total development density and design, as may be necessary to develop and construct a feasible Proposed Project and to meet the District's mission and goals as described in the RFQ/P.

- 4.7.5. The Development Agreement shall contain a comprehensive schedule of performance [which will be more detailed with regard to post ground lease closing milestones than the ENA Schedule of Performance] setting forth the respective times in which the Developer and District are obligated to perform their respective obligations after the execution and delivery of the ground lease by the District and Developer, including but not limited to the following: the time for submittal of construction plans to the City; the closing of construction financing, as applicable; the time for commencement of construction of the Proposed Project; the date for completion of construction; and the opening and continuing operation of the Proposed Project (which may occur in phases), all of which will be subject to force majeure.
- 4.7.6. The Development Agreement shall include a condition for the District's benefit that the ground lease shall not be delivered by the District unless and until Developer has provided a feasible method of financing reasonably demonstrating to District the availability of all funds needed to complete the Proposed Project. The Development Agreement shall require that the Developer make available for inspection by the District's consultant, who shall then report to the District as to the adequacy thereof, the proposed construction loans and Developer equity needed to carry out the proposed method of financing. The foregoing is in addition to the Developer's periodic delivery of information regarding its financing plans as provided in Section 4.3 above.
- 4.7.7. The Development Agreement shall contain commercially reasonable leasehold mortgagee protection language for the development of the Proposed Project. Developer agrees that District's fee interest in District Property shall at all times be and remain unsubordinated to any leasehold mortgage which may be imposed upon Developer's leasehold interest or upon the improvements, and that nothing contained in this Agreement shall be construed as an agreement by District to subject its fee interest to any lien.
- 4.7.8. The Development Agreement shall set forth the ground rental rate and the other terms and conditions of the lease of the Proposed Project by District to Developer.
- 4.7.9. Developer acknowledges that District has entered into this Agreement in reliance on Developer's Proposal, presentation, interview, exemplar projects, reputation, and its confidence and ability to complete the Proposed Project. Consequently, the Development Agreement shall not allow for the assignment or transfer without District's prior written consent, at District's sole discretion. Notwithstanding the foregoing, District acknowledges that Developer intends to form a new, single purpose limited liability company to enter into the Development Agreement (and/or the ground lease to be delivered pursuant thereto) with the District for the Property, the constituent members of which will be Developer and/or its principals and affiliates, as the manager or managing member in charge of the development of the Proposed Project, and

one or more “co-GP” and/or “LP investor” members, and so long as the Developer and/or its principals and affiliates, remain in charge of in charge of the development of the Proposed Project, District’s consent will not be unreasonably withheld, conditioned or delayed. In no instance shall a “co-GP”, “LP investor” or affiliate create a conflict of interest with District or the City of Inglewood. The Development Agreement (and/or the ground lease to be delivered pursuant thereto) shall contain similar provisions effective until the completion of the Proposed Project, and thereafter the District’s approval of the assignment of the ground lease of the Property shall be limited in a manner to be negotiated in the Development Agreement. Such restrictions will not apply to transfers pursuant to the exercise of any mortgagee protection provisions of the Development Agreement.

- 4.7.10. **Further Information.** District reserves the right, at any time, to request from Developer, and Developer shall provide in a timely manner, additional or updated non-legally privileged information about Developer or the Proposed Project as may be related to the development of the Proposed Project, other than financial information about Developer and its financing plan for the Project as provided in Section 4.7.6 above.
- 4.7.11. **Design Review Process.** Developer shall engage and coordinate with District regarding the design of the Child Development Center, and the design shall be subject to District’s review and approval (as well as that of any other agency having jurisdiction) as set forth in the Development Agreement. The design of the residential and other portions of the Project shall be subject to District’s review and approval subject to limits to be negotiated and incorporated into the Development Agreement. Developer shall provide at least two (2) weeks’ prior written notice to District of all design meetings relating to the Child Development Center, and a three (3) week review period for each design submittal, excepting the initial submittal of the Project Plans for the Child Development Center, which the District will have sixty (60) days to review pursuant to the Schedule of Performance.
- 4.7.12. **Community Outreach Programs.** Developer shall engage, coordinate with and update the District regarding the Community Outreach Program and shall provide regular, written progress reports advising the District on its outreach activities, as set forth in the Development Agreement.
- 4.7.13. **Progress Reports.** Upon reasonable notice, as from time to time requested by District, Developer shall prepare and deliver written progress reports including financing activities, advising District on studies being made, and matters being evaluated by Developer with respect to this Agreement and the Proposed Project. District shall not request written reports more frequently than once each month.

5. **Insurance.** Prior to Developer's or its employees, contractors' or consultants' entry onto the Property, Developer shall provide District with evidence of insurance in the form and subject to the requirements set forth in the ROE.

6. **Indemnification.** Developer shall indemnify and hold harmless District, its respective affiliates, attorneys, agents, trustees, successors, assigns, and any individual (employee, officer, partner, director, member, County Administrator or board member) employed by or acting on behalf of any of the above entities ("Indemnified Parties") from and against any and all claims, loss, demands, actions, liability, penalties, fines, judgements, liens, foreclosures, costs, expenses, damages, or collection costs, including reasonable attorneys' fees, consultants, and experts relating to any such claim (except claims resulting from the negligent acts or omissions of Indemnified Parties) ("Claims") caused by or arising directly or indirectly from (a) any acts or omissions of Developer or any entity or person acting on Developer's behalf or anyone employed or contracted by Developer ("Developer Party") which constitute (i) a material breach of any Developer obligation under this Agreement, (ii) negligence by a Developer Party, or (iii) willful misconduct by a Developer Party, including Claims that accrue or are discovered before or after termination of this Agreement; (b) any dispute among the Developer Parties, in each case without requirement that such Claims be paid first by any Indemnified Party; and (c) Developer's or any Developer Party's willful misconduct or negligence in connection with the pursuit of entitlements and/or approvals of the Proposed Project issued by District. Developer shall not be liable to any such Indemnified Party for any Claim to the extent that such Claim is caused by the gross negligence or willful misconduct of any such Indemnified Party. In the event any dispute as to the nature of Indemnified Party's conduct with respect to any Claim, Developer shall defend such Indemnified Party until such dispute is resolved by final judgment.

6.1. **Survival.** Notwithstanding anything to the contrary elsewhere in this Agreement, the indemnity obligations under this Agreement shall survive any expiration, termination or assignment of this Agreement.

7. **Failure to Reach Agreement.** If the Parties have not executed the Development Agreement prior to the expiration or termination of this Agreement, then upon expiration or termination of this Agreement, any rights or interest that Developer may have under this Agreement shall cease without requiring any notice from District, and District shall have the right thereafter to use, develop (alone or with any other entity), or dispose of the Property as District shall determine appropriate in its sole and absolute discretion.

8. **Termination, Default and Remedies.**

8.1. **Right to Terminate.** In addition to any other right of termination set forth in this Agreement, any Party may terminate this Agreement upon thirty (30) days prior written notice to the other Party, if such terminating Party in good faith determines any of the following: (a) the execution of satisfactory Development Agreement is not likely, (b) the Proposed Project is not feasible, (c) the Proposed Project is not capable of being financed in a commercially reasonable manner, or (d) the Proposed Project is not likely to be developed and constructed in a timely manner.

- 8.2. **Breach.** The occurrence of any one or more of the following events shall constitute a breach under this Agreement (each a “Breach”):
- 8.2.1. The failure of a Party to perform any obligation, or to comply with any covenant, restriction, term, or condition of this Agreement; or
 - 8.2.2. Any material representation or warranty made by a Party proves to be false or misleading in any material respect at the time made or at any time thereafter.
- 8.3. **Default.** A Breach shall become a default under this Agreement (each a “Default”) if the Party committing the Breach fails to cure the Breach within the following time periods:
- 8.3.1. For all monetary Breaches, ten (10) business days after receipt of written notice of monetary breach;
 - 8.3.2. For all non-monetary Breaches, twenty (20) business days after receipt of written notice (“Cure Notice”) from the aggrieved Party specifying such non-monetary Breach in reasonable detail, where such non-monetary Breach could reasonably be cured within such twenty (20) Business Day period; or
 - 8.3.3. Where such non-monetary Breach could not reasonably be cured within such twenty (20) Business Day period, such reasonable additional time as is necessary to promptly and diligently complete the cure but (other than in the case of Unavoidable Delay below) not longer than forty (40) business days (“Outside Date”); provided that the breaching Party promptly commences to cure such non-monetary Breach after receiving the Cure Notice and thereafter diligently and continuously pursues completion of such cure.
- 8.4. **Unavoidable Delay.** If a non-monetary Breach is due to an Unavoidable Delay (as defined below), then the Party claiming the delay shall have the right to extend the Outside Date and the expiration date of the Term by a period equal to the duration of the Unavoidable Delay by written notice to the other Party. The duration of the Unavoidable Delay shall commence only after written notice of such Unavoidable Delay is delivered to the other Party, provided that if written notice of such Unavoidable Delay is given within five (5) business days after the commencement of the delay, then the date of the commencement of the Unavoidable Delay shall be retroactive to the actual commencement date of the delay. A written notice of Unavoidable Delay must reasonably specify: (a) the nature of the delay; (b) the date the delay commenced and (if not ongoing) ended; and (c) the reason(s) such delay is an Unavoidable Delay. Upon the documentation of an Unavoidable Delay pursuant to this Section, the Outside Date shall be delayed by the period of the Unavoidable Delay; provided, however, under no circumstances may the Outside Date be extended by more than a total of forty (40) business days as a result of Unavoidable Delay without the written consent of the Parties.

8.4.1. The term Unavoidable Delay shall mean a delay that is caused by war, insurrection, strikes or other labor actions, lock-outs, riots, floods, earthquakes, fires, casualty loss, acts of the public enemy, pandemics, epidemics, quarantine restrictions, shelter in place or stay at home orders, freight embargoes, or severe weather in excess of normal in all events, beyond the control or without the fault of the Party claiming the delay.

8.5. **Remedies.** If any Default occurs, any non-defaulting Party shall have the right, but not the obligation, to avail itself of any one or more of the following remedies:

8.5.1. A non-defaulting Party may, at its sole election, terminate this Agreement upon not less than five (5) days prior written notice of termination provided to the defaulting Party.

8.5.2. Unless otherwise provided herein, in addition to the foregoing, any non-defaulting Party may exercise any right or remedy it has under this Agreement, or which is otherwise available at law or in equity; provided that no Party shall be entitled to obtain any indirect, consequential, speculative or punitive damages. All rights, privileges and elections or remedies of the Parties are cumulative and not alternative to the extent permitted by law (including suit for damages) or in equity.

9. Notices.

9.1. Any notice required or permitted to be given under this Agreement, including a statutory notice, shall be in writing and deemed to be properly delivered, given, or served when (a) personally delivered against receipted copy, (b) mailed by certified or regular mail, postage prepaid, (c) sent by overnight delivery service, or (d) emailed (with a PDF or similar attachment) (“Notice”):

To District: Inglewood Unified School District
ATTN: Raphael Guzman, Chief Business Official
401 S. Inglewood Ave.
Inglewood, CA 90301
Email: raphael.guzman@inglewoodusd.com

Copy to: Orbach Huff & Henderson LLP
ATTN: David Orbach and Sarine Abrahamian
1901 Avenue of the Stars, Suite 575
Los Angeles, California 90067
Email: dorbach@ohhlegal.com; sabrahamian@ohhlegal.com

To Developer: Harridge Development Group III, LLC
ATTN: Bill Myers
1875 Century Park East, Suite 1130
Los Angeles, California 90069
Email: bill@harridgedevelopmentgroup.com

Copy to: Karavas Kiely Schloss & Whitman LLP
ATTN: Michael J. Kiely
11400 West Olympic Boulevard, Suite 1480
Los Angeles, California 90064
Email: mkiely@kkslawyers.com

- 9.2. If notice of any change in its address is given by a Party in accordance with the foregoing, the other Party shall thereafter give notices at such changed address.

10. Confidentiality.

- 10.1. The Developer acknowledges that the District will need sufficient, detailed information about the economic feasibility of the Proposed Project to negotiate and make informed decisions about the content and approval of the Development Agreement. As a general rule, all records (documents and materials) submitted by the Developer and received by the District (“Submitted Materials”) are considered public records, and are subject to disclosure to the public under the requirements of the California Public Records Act (“CPRA”). The Parties shall cooperate in good faith to, prior to public disclosure, evaluate the materials or information being requested and determine whether any additional exemptions apply under the CPRA that authorize the District to not disclose the Submitted Materials.
- 10.2. The Developer acknowledges and agrees that the District may share Submitted Materials provided by the Developer (e.g., of a financial and potential proprietary nature) with third party consultants and attorneys who have been engaged to advise the District concerning matters related to this Agreement as part of the negotiation and decision-making process.
- 10.3. If the Developer asserts that any portion of Submitted Materials are subject to a legal exception to public disclosure under the CPRA, the Developer must: (1) clearly label the relevant Submitted Materials as “Confidential – Official Information,” (“Official Information”) (2) upon request from the District, provide additional information regarding the legal basis for exception from disclosure under the CPRA, and (3) defend, indemnify, and hold harmless the District regarding any claim by any third party for public disclosure of the confidential portion of the Official Information.
- 10.4. To the extent that the District receives a request to disclose any Submitted Materials that are clearly marked as “Confidential – Official Information,” and the District determines that there is a legal basis for withholding such Official Information from public disclosure, the District shall not disclose such Official Information unless compelled by court order; provided that the Developer shall defend, indemnify, and hold harmless the District regarding any claim or litigation by any third party for such public disclosure, and such obligation shall survive the termination of this Agreement and any expiration of the Term.
- 10.5. To the extent that the District receives a request to disclose any Submitted Materials, and the District does not identify a legal basis to withhold the Submitted Materials, the

District shall provide written notice to the Developer, and the Developer shall be given a reasonable opportunity to seek a court order to preclude the District from disclosing such Submitted Materials, or applicable portion thereof, provided that in such event the Developer shall defend, indemnify, and hold the District harmless regarding any claim or litigation by any third party, and such obligation shall survive any termination of this Agreement and any expiration of the Term.

- 10.6. Except as expressly set forth herein District shall be entitled to publicly disclose all Submitted Materials.

11. Miscellaneous.

- 11.1. **Binding Contract.** This Agreement shall be binding upon the Parties and upon their successors and assigns, and shall inure to the benefit of the Parties and their successors and assigns.
- 11.2. **Compliance with Laws.** During the Term, Developer, at its expense, shall comply with all applicable federal, state and local laws, ordinances, regulations, rules and orders with respect to the subject matter of this Agreement.
- 11.3. **Governing Law and Venue.** This Agreement shall be construed and interpreted in accordance with the laws of the State of California without regard to conflicts of law principles or doctrines. Neither Party shall commence any action in any other court or attempt to remove an action to any other court, it being agreed that any violation of this Section may be specifically enforced by mandatory injunction because money damages would be an inadequate remedy. The foregoing shall not be construed to prohibit an appeal of a judgment of such court.
- 11.4. **Disputes.** In the event of a dispute between the Parties as to performance or interpretation of the Agreement, or payment, the Parties shall attempt to resolve the dispute by negotiation and/or mediation, if agreed to by the Parties.
- 11.5. **Waiver.** The waiver by District of any term, covenant, or condition contained herein shall not be deemed to be a waiver of any other term, covenant, or condition, or any subsequent breach of the same or any other term, covenant, or condition contained herein.
- 11.6. **Successors and Assigns.** This Agreement shall be binding upon the respective successors and assigns of the Parties hereto.
- 11.7. **Definitions.** The term “months”, as used herein, shall mean calendar months. The phrase “and/or”, when used herein, shall mean both or either of the objects with which the phrase is used. The word “person”, as used herein, shall include a corporation, partnership, or any other entity, as the context may require.
- 11.8. **Captions.** The captions contained in this Agreement are for convenience only and shall not in any way affect the meaning or interpretation hereof nor serve as evidence of the interpretation hereof, or of the intention of the Parties hereto.

- 11.9. **Entire Agreement.** This Agreement is and shall be considered to be the only agreement between the Parties hereto with respect to the subject matter hereof. All negotiations, prior understandings, and oral agreements have been merged into and included herein, and shall not be effective for any purpose except as contained herein. There are no outstanding oral agreements between the Parties hereto affecting this Agreement, and this Agreement supersedes and cancels any and all previous negotiations, arrangements, agreements, and understandings, if any, between the Parties hereto or displayed by District to Developer with respect to the subject matter hereof, and none of such matters shall be used to interpret or construe this Agreement. There are no representations or warranties between the Parties hereto other than as specifically set forth herein and all reliance with respect to any representation is solely upon the representations and agreements contained herein. No provision of this Agreement may be amended or added to except by an agreement in writing signed by the Parties hereto or their respective successors in interest.
- 11.10. **Severability.** The invalidation of any one of the terms, conditions, restrictions, or other provisions contained herein by judgment or court order shall in no way affect any of the other terms, conditions, restrictions, or provisions hereof, and the remainder of this Agreement shall remain in full force and effect.
- 11.11. **Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original and all of which shall be deemed to be one and the same instrument.
- 11.12. **Joint Preparation.** The Parties warrant and represent that they have been advised by their attorneys regarding each and every phase of the preparation, creation, negotiation, and execution of this Agreement. Therefore, when interpreting this Agreement, or language hereof, or the intent of the Parties, the court or other interpreting body shall not construe this Agreement as having been drafted solely by or on behalf of either of the Parties hereto.
- 11.13. **Legal Authority.** Each individual executing or attesting this Agreement on behalf of each Party, respectively, covenants, warrants, and represents that he or she is duly authorized to execute or attest and deliver this Agreement on behalf said Party and the execution and delivery of this Agreement by said Party shall not result in any breach of, or constitute a default under, any mortgage, deed of trust, lease, loan, credit agreement, or other contract or instrument to which said Party is a party or by which said Party may be bound.
- 11.14. **Indemnification Procedures.** Notwithstanding anything to the contrary contained in this Agreement, in each instance where a provision in this Agreement contains an indemnification obligation, such indemnification obligation shall be subject to the following procedures and conditions: Promptly after receipt by an indemnitee of notice of any claim, such indemnitee will deliver to the indemnitor notice thereof (including a copy of any asserted claim and other relevant documentation to provide reasonable specificity with regard to the claim). Indemnitee shall not settle a claim without the prior written consent of the indemnitor.

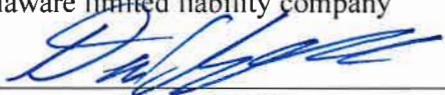
- 11.15. **Time of Essence.** Time is of the essence of this Agreement and all of the terms, provisions, covenants and conditions hereof.
- 11.16. **Further Assurances.** The Parties hereby agree to execute such other documents and perform such other acts as may be necessary or desirable to carry out the purposes of this Agreement.
- 11.17. **Limitations of this Agreement.** This Agreement does not constitute a commitment of any kind by District regarding the lease, transfer, or development of all or any part of the Property. Execution of this Agreement by District is merely an agreement to enter into a period of exclusive negotiations according to the terms hereof, reserving final discretion and approval by the Board as to any Development Agreement and all proceedings and decisions in connection therewith.
- 11.18. **Provisions Required by Law Deemed Inserted.** Each and every provision of law and clause required by law to be inserted in this Agreement shall be deemed to be inserted herein and this Agreement shall be read and enforced as though it were included herein.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Agreement Date.

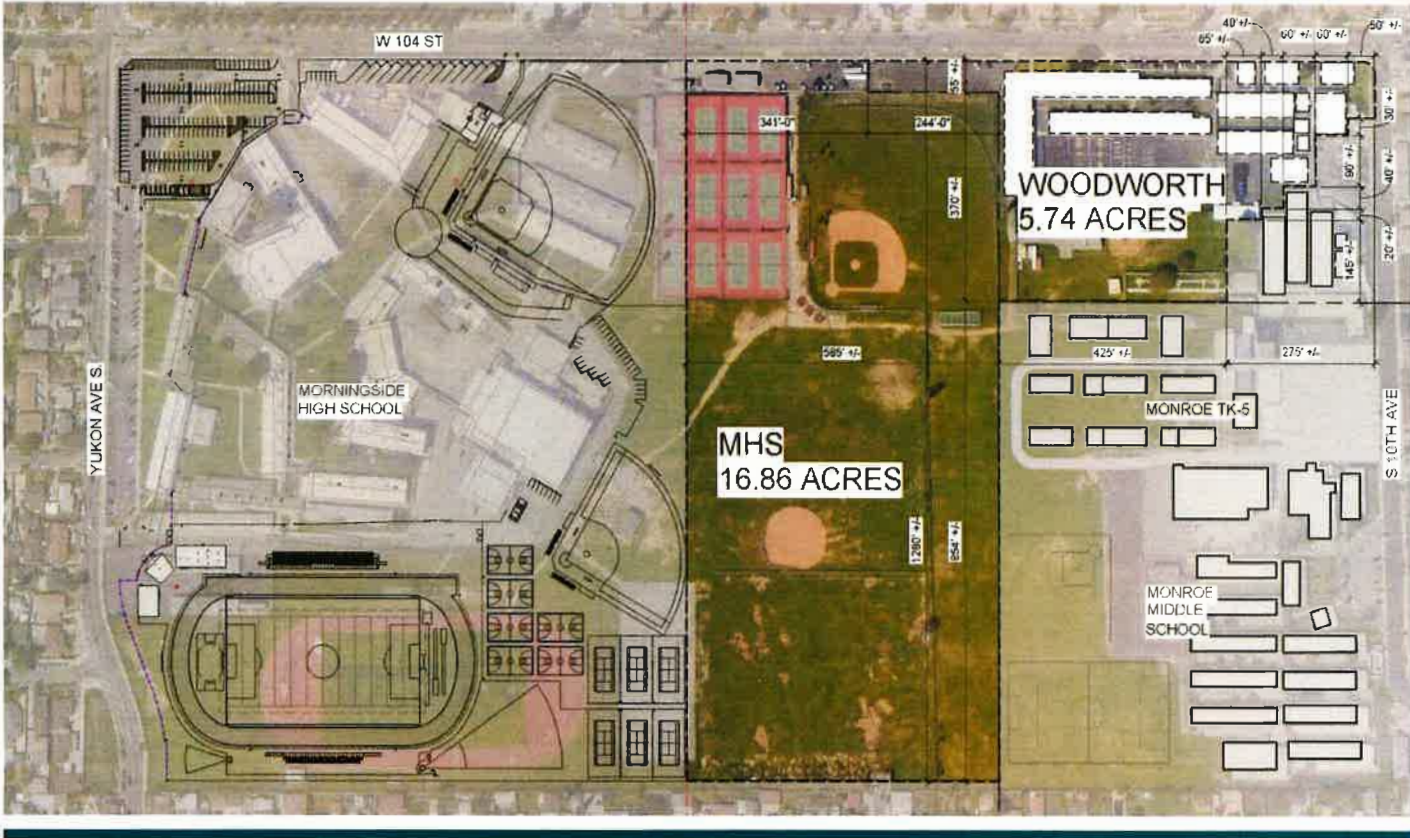
“DISTRICT”
INGLEWOOD UNIFIED SCHOOL DISTRICT

By: _____
Its: _____

“DEVELOPER”
HARRIDGE DEVELOPMENT GROUP III, LLC,
a Delaware limited liability company

By: 

David Schwartzman
Its: Managing Member



OVERALL MORNINGSIDE MONROE SITE
 INGLEWOOD UNIFIED SCHOOL DISTRICT OCTOBER 30, 2019



Exhibit A
 Property Aerial

Exhibit B
Conceptual Plan

SUMMARY

- 21x31 - SINGLE FAMILY RENTAL
 - 140 UNITS
- 21x31 - SINGLE FAMILY TOWNHOME
 - 105 UNITS
- 21x39 - SINGLE FAMILY TOWNHOME
 - 90 UNITS
- 21x39 - SINGLE FAMILY TOWNHOME (DETACHED)
 - 72 UNITS
- 21x37 - SINGLE FAMILY TOWNHOME (DETACHED)
 - 61 UNITS
- GRAND TOTAL = 468 UNITS**

- PRIVATE PARK AND RECREATIONAL FACILITY
 - 1.7 AC
- CHILD DEVELOPMENT CENTER
 - 10,000 SF FACILITY
 - 1.25 AC SITE
 - 42 PARKING STALLS

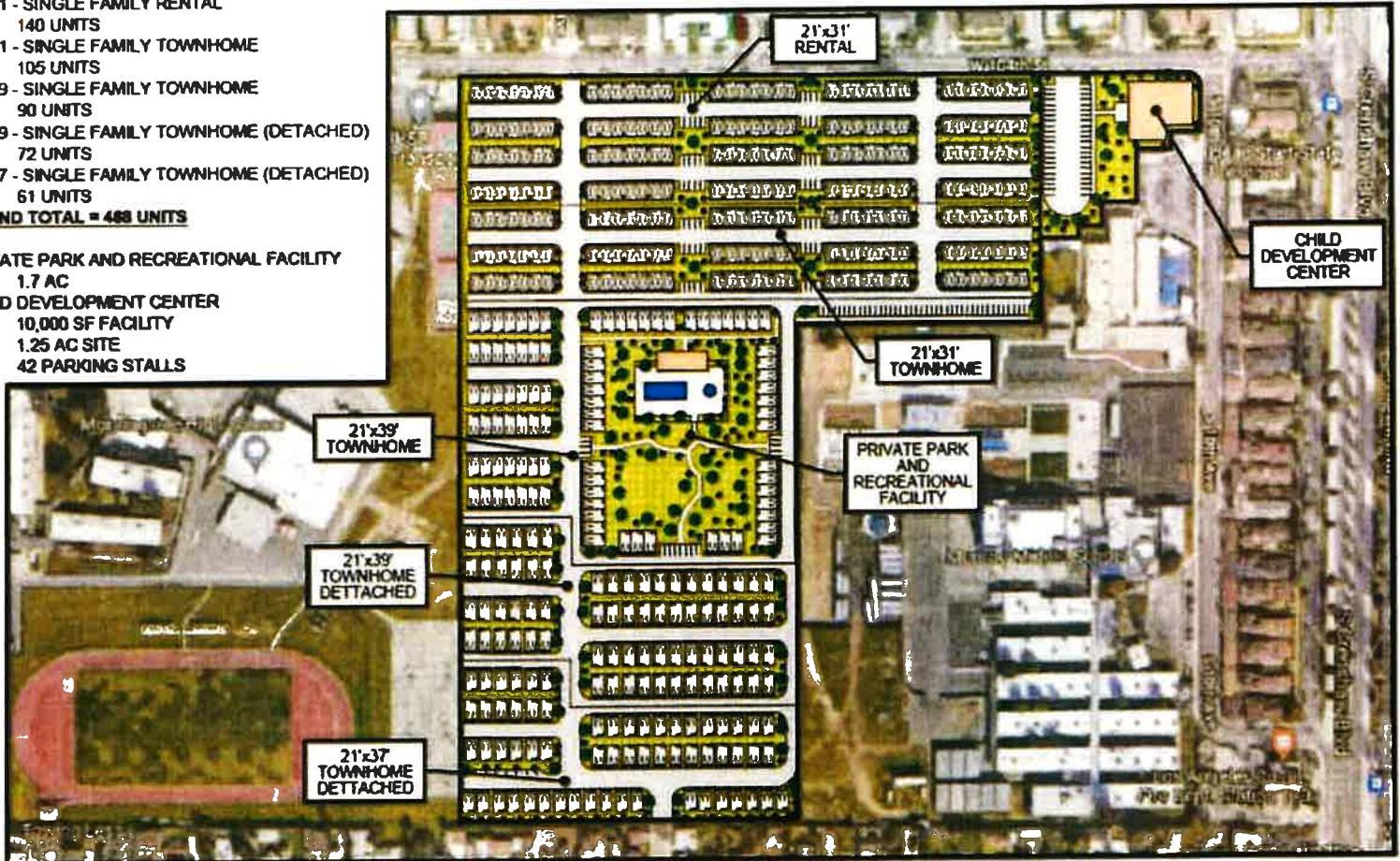


Exhibit C
Right of Entry Agreement
(to be attached later)

Exhibit D

Schedule of Payments

Subject to the terms and conditions of the ENA, the anticipated deposit of funds into escrow by Developer for potential release to District, assuming ENA approval on March 17, 2022:

ENA Deposits

March 30, 2022, \$250,000 deposit (Section 3.2), which may be withdrawn from Escrow upon satisfaction of applicable Release Conditions – anticipated May 2022

May 17, 2022, \$2,000,000 deposit (Section 3.3), which may be withdrawn from Escrow upon satisfaction of applicable Release Conditions – anticipated May 2022

ENA Extension Payments – which may be withdrawn from Escrow by District immediately following deposit by Developer

March 30, 2023, \$1,000,000 nonrefundable payment if ENA extended for six months (Sections 2.1 and 3.3)

September 30, 2023, \$1,000,000 nonrefundable payment if ENA extended for six months (Sections 2.1 and 3.3)

March 30, 2024, \$1,000,000 nonrefundable payment if ENA extended for six months (Section 2.1 and 3.3)

September 30, 2024, \$1,000,000 nonrefundable payment if ENA extended for six months (Sections 2.1 and 3.3)

March 30, 2025, \$1,000,000 nonrefundable payment if ENA extended for six months (Sections 2.1 and 3.3)

September 30, 2025, \$1,000,000 nonrefundable payment if ENA extended for six months (Sections 2.1 and 3.3)