July 14, 2017

Josh Kreger
Director of Real Estate and Planning
South Park Business Improvement District
1100 South Flower Street, Suite #3400
Los Angeles, CA 90015

Re: Proposal for Enhanced Infrastructure Financing District (EIFD)
Feasibility Analysis

Dear Mr. Kreger:

Kosmont & Associates, Inc. doing business as Kosmont Companies (“Consultant” or “Kosmont”) is pleased to present this proposal to the South Park Business Improvement District (“BID” or “Client”) for a feasibility analysis for the formation of an Enhanced Infrastructure Financing District (“EIFD”). This proposal serves as an Agreement when executed and returned by Client to Kosmont.

I. INTRODUCTION

Kosmont Companies, a certified Minority Business Enterprise (“MBE”) and Small Business Enterprise (“SBE”), is a full service real estate, economic development and public finance advisory firm with a 31-year, award-winning track record of working with cities and public agencies on economic development strategies, fiscal analyses, and real estate projects that have led to successful outcomes. Kosmont Companies was the proud recipient of the “Small Private Latino Business of the Year” award from the 2015 Los Angeles Business Journal Latino Business of the Year Awards as well as the “Award of Excellence in Economic Development Partnerships” from the 2015 California Association for Local Economic Development (“CALED”) Awards of Excellence Program.

Our public and private sector experience, and in-depth expertise in multiple areas such as economic development, redevelopment dissolution, understanding of the EIFD formation and approval process, real estate development, project funding, business costs/incentives and land use/zoning make us the ideal firm to provide the Client with the required financial and technical analysis.

Kosmont is an active leader in EIFD and CRIA Formation
Kosmont is currently assisting over 25 communities with evaluations of EIFD and Community Revitalization and Investment Authorities (“CRIA”) formation. One sample effort involves the City of La Verne, where Kosmont provided the initial EIFD feasibility study for a Transit-Oriented Development (“TOD”) specific plan area surrounding their proposed Metro
Gold Line Extension station. La Verne has now determined to proceed with an EIFD based on Kosmont’s analysis, and we are assisting the city with formation proceedings.

Kosmont has recently provided economic development advisory services to the Northeast L.A. Riverfront Collaborative (NELARC) to identify economic development programs, implementation strategies, and prospective community-related projects that could be funded given the current lack of traditional redevelopment tax increment funding. Kosmont recommended the potential implementation of an EIFD application for the corridor.

Kosmont is also working on EIFD, CRIA and related analyses in the cities of Los Angeles, Huntington Park, Santa Fe Springs, Carson, Vernon, West Covina, Palmdale, Santa Ana, Garden Grove, Placentia, Riverside, San Bernardino, Redlands, Ontario, and others. These projects are in various stages of evaluation and formation. Kosmont is additionally retained by the Southern California Association of Governments (SCAG) for technical advisory related to EIFD(EIFD) screening, technical assistance and training.

Kosmont is considered a leading firm on the evaluation and formation of EIFDs, and is actively engaged in industry conferences throughout the State educating local government officials and private sector investors, developers and lenders on these matters.

II. BACKGROUND AND OBJECTIVE

In 2014, California enacted EIFD as a new economic development tool with adoption of Senate Bill 628. Assembly Bill 313 was later adopted in 2015 to provide revisions and clarifications to the EIFD legislation. An EIFD is governed by a separate entity called a Public Finance Authority ("PFA"), which must adopt and carry out an Infrastructure Financing Plan ("IFP").

EIFDs represent a new platform to capture new tax increment and finance a broad array of economic development projects that generate taxes and jobs, including infrastructure and affordable housing. Projects within these areas may be financed by non-school agency’s tax increment along with other complementary funding sources.

Kosmont understands that the Client is seeking to evaluate the feasibility of forming an EIFD for targeted areas in the South Park neighborhood of the City of Los Angeles ("City"). The proposed Scope of Services outlined below is an initial feasibility analysis that will provide recommendations to the City on whether and how best to proceed with the formation of an EIFD. Any potential follow-on work to implement the EIFD would be pursuant to a follow-on scope and budget to be approved by the City in advance.

III. SCOPE OF SERVICES

Task 1: Evaluation of EIFD Boundary and Strategic Considerations
Kosmont will conduct a kick-off meeting and driving tour with BiD staff and other stakeholders. In order to facilitate formation of an EIFD as well as education of (and
future cooperation by) potential public and private sector stakeholders (e.g., City Council, County Board, METRO, other public agencies), Kosmont will prepare a summary of EIFD fundamentals (SB 628 and AB 313) and evaluate key strategic considerations for EIFD implementation, including:

- Land ownership and planned / proposed / potential future development (based on information to be provided by BID / City staff)
- Infrastructure needs (including, costs, timing / phasing, based on information to be provided by BID / City staff)
- Potential public and private sector partners (e.g. County of Los Angeles, METRO, other affected taxing entities, major landowners / developers).

Kosmont will delineate and graphically summarize up to three (3) primary EIFD boundary alternatives based on factors outlined above and collaboration with BID staff. Task 1 findings will be summarized in PowerPoint Presentation format.

**Task 2: Funding and Financing Analysis**

Kosmont will prepare a funding and financing analysis, including a preliminary tax increment analysis reflecting proposed future development and potential public and private sector partners. Consultant will review readily available planning documents (e.g. relevant specific plans, general plan, proposed project concepts) to determine the general types and timing of development projects that are planned within the boundaries of the potential EIFD, with focus on prospective or illustrative key proposed private project(s) as appropriate to the assignment.

Kosmont will incorporate these development projections into a preliminary tax increment analysis for the EIFD, which will identify:

- The types and sequencing of potential development in the EIFD (to be determined in consultation with the Client)
- The types and sequencing of infrastructure needed to serve the development (to be provided by the Client of selected engineering consultant)
- The potential range of project assessed valuation over time
- Tax increment funding capacity at select annual benchmarks and cumulatively over an approximately 45-year district lifetime, including estimates of bonding capacity at select annual benchmarks
- Preliminary list of complementary economic development tools and funding resources (e.g. development impact fees, grant funding, Los Angeles County Measure M funding, Senate Bill 1 road maintenance and rehabilitation funding, community facilities district revenues, development agreement contributions, density / parking / other incentives for reinvestment in existing properties)
- Overlap of proposed EIFD boundary with former RDA project areas and corresponding relevant outstanding enforceable obligations.
Kosmont will evaluate up to three funding (3) scenarios, representing different baseline levels of tax increment dedication by the City and potential taxing entity partners. Task 2 findings will be summarized in PowerPoint Presentation format, with tax increment analysis detail to be provided in spreadsheet appendix format as appropriate.

**Potential Future Services**

Should the Client desire to move forward with EIFD formation based on feasibility analysis findings, Kosmont can be available to assist with implementation activities, including meetings and outreach to public and private sector entity stakeholders, such as the County of Los Angeles, local special districts (e.g. water districts, utilities agencies), major EIFD area developers, property owners, and/or registered voters as may be appropriate. Kosmont can additionally assist with drafting of the IFP and supporting fiscal and financial analyses (refinement / expansion of Task 2 Funding and Financial Analysis).

To assist the Client in marketing development sites as a potential component of future EIFD implementation services, Kosmont recommends that we showcase and manage Client development sites on OppSites.com. OppSites empowers public agencies and economic development leaders with digital tools to raise awareness of development opportunities that support their goals for growth, share their local knowledge with a global audience of real estate professionals, and connect directly with interested parties. OppSites has built a national platform supported by the latest technology, and puts every community on ONE MAP to create a single global online economic development marketplace. There is no cost to the Client for OppSites.

To augment the Client’s capacity to interface directly with OppSites, Kosmont is a certified Economic Development Services Provider on OppSites, enabling us to leverage all features of the OppSites PRO platform. We will partner with the Client to showcase opportunity districts and sites, market them to real estate professionals, and use analytics and messaging tools to connect with interested investors, brokers, and developers, saving time and resources (as there is no charge to the Client for OppSites).

**IV. SCHEDULE AND REQUIRED DATA**

Consultant is prepared to commence work upon receipt of executed Agreement. A draft Summary PowerPoint Presentation characterizing the findings from Tasks 1 and 2 is anticipated to be provided within eight (8) to ten (10) weeks of assignment authorization.

Client will provide Consultant with existing relevant property and/or project related data (e.g. City General Plan, relevant specific plans, previous market/economic studies, estimated infrastructure costs, proposed development project concepts, etc.).
V. COMPENSATION

Compensation for Tasks 1 and 2 is estimated below for professional services (hourly) fees at Consultant’s billing rates as shown on Attachment A.

<table>
<thead>
<tr>
<th>Task</th>
<th>Estimated Budget</th>
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</thead>
<tbody>
<tr>
<td>1) Evaluation of EIFD Boundary and Strategic Considerations</td>
<td>$17,500 to $20,000</td>
</tr>
<tr>
<td>2) Funding and Financing Analysis</td>
<td>$17,500 to $22,000</td>
</tr>
<tr>
<td><strong>Estimated Total – Professional Services (Hourly) Fees</strong></td>
<td><strong>$35,000 to $42,000</strong></td>
</tr>
</tbody>
</table>

Future increases in budget will require approval by Client in advance. Budget may be increased by Client at any time. Consultant’s attendance or participation at any *publicly noticed* (e.g., City Council, Planning Commission, Public Agency Board, other) meeting as requested by Client is in addition to compensation for Tasks 1 and 2 and will be billed at the professional services (hourly) fees as shown on Attachment A.

Services will be invoiced monthly at Consultant’s standard billing rates, as shown on Attachment A. In addition to professional services (hourly) fees, invoices will include reimbursement for out-of-pocket expenses such as travel and mileage (provided that there shall be no overnight travel without the Client’s prior approval and that mileage shall be reimbursed at the current IRS mileage reimbursement rate), professional printing, conference calls, and delivery charges for messenger and overnight packages at actual cost. Unless otherwise agreed to in advance, out-of-area travel, if any, requires advance funding of flights and hotel accommodations.

Consultant will also include in each invoice an administrative services fee to cover in-house copy, fax, telephone and postage costs equal to four percent (4.0%) of Consultant’s monthly professional service fees incurred. Any unpaid invoices after 30 days shall accrue interest at the rate of 10% per annum.

For the convenience of Kosmont’s clients, we offer a secure credit card payment service. The credit card payment link is: [https://kosmont.paidyet.com](https://kosmont.paidyet.com) and there are two ways to make a secure credit card payment:

1. Fill in the “Make a Payment” form when you go to the link [https://kosmont.paidyet.com](https://kosmont.paidyet.com), or
2. Call Kosmont Companies’ accounting desk (Ms. Charo Martinez; (424) 297-1072) to make a credit card payment

*Consultant is prepared to commence work upon receipt of executed Agreement.*

**DISCLOSURE:** Kosmont Transactions Services (“KTS”) and Kosmont Realty Corporation (“KRC”): Compensation for possible future transaction-based services or brokerage services.
The following is being provided solely as an advance disclosure of possible real estate brokerage and finance services and potential compensation formats for such services. This disclosure is not intended to commit the Client.

When public agency assignments involve real estate/property brokerage or public financing transactions on behalf of the public agency, such transaction based services are typically provided by Kosmont Transactions Services ("KTS") or Kosmont Realty Corporation ("KRC").

KRC is currently registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board as a Municipal Advisor. KRC is licensed by the CA Bureau of Real Estate (License #01770428) and is certified as a Minority Business Enterprise (MBE). KRC is also registered as doing business as KTS.

KTS provides transactional Financial Advisory Services and compensation is typically for financial advisory/loan broker services. KRC provides Brokerage Services and compensation is typically for brokerage commissions such as property and lease transactions and/or success/broker fees. KRC also provides Broker Opinions of Value (BOV) services on a fixed fee basis.

VI. OTHER PROVISIONS

A. Termination. Client or Consultant shall have the right to terminate this Agreement at any time upon written notification to the other party. Payment for fees accrued through the date of termination shall be remitted in full.

B. Arbitration. Any controversy or claim arising out of or in relation to this Agreement, or the making, performance, interpretation or breach thereof, shall be settled by arbitration at JAMS in Los Angeles, California. Each of the parties to such arbitration proceeding shall be entitled to take up to five depositions with document requests. The provisions of Section 1283.05 (except subdivision (e) thereof) of the California Code of Civil Procedure are incorporated by reference herein, except to the extent they conflict with this Agreement, in which case this Agreement is controlling. If the matter is heard by only one arbitrator, such arbitrator shall be a member of the State Bar of California or a retired judge. If the matter is heard by an arbitration panel, at least one member of such panel shall be a member of the State Bar of California or a retired judge. The arbitrator or arbitrators shall decide all questions of law, and all mixed questions of law and fact, in accordance with the substantive law of the State of California to the end that all rights and defenses which either party may have asserted in a court of competent jurisdiction shall be fully available to such party in the arbitration proceeding contemplated hereby. The arbitrator and arbitrators shall set forth and deliver their findings of fact and conclusions of law with the delivery of the arbitration award. Judgment upon the award rendered shall be final and non-appealable and may be entered in any court having jurisdiction.
C. **Attorneys’ Fees.** In the event of any legal action, arbitration, or proceeding arising out of an alleged breach of this Agreement, the party prevailing in such legal action, arbitration, or proceeding shall be entitled to recover reasonable attorneys’ fees, expenses and costs, as well as all actual attorneys’ fees, expenses and cost incurred in enforcing any judgment entered.

D. **Authority.** Each of the parties executing this Agreement warrants that persons duly authorized to bind each such party to its terms execute this Agreement.

E. **Further Actions.** The parties agree to execute such additional documents and take such further actions as may be necessary to carry out the provisions and intent of this Agreement.

F. **Assignment.** Neither this Agreement nor any of the rights or obligations hereunder may be assigned by either party without the prior written consent of the other party.

G. **Successors and Assigns.** This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

H. **Entire Agreement; Amendments and Waivers.** This Agreement contains the entire agreement between the parties relating to the transactions contemplated hereby and any and all prior discussions, negotiations, commitments and understanding, whether written or oral, related hereto are superseded hereby. No addition or modification of any term or provision of this Agreement shall be effective unless set forth in writing signed by both parties. No waiver of any of the provisions of this Agreement shall be deemed to constitute a waiver of any other provision hereof (whether or not similar), nor shall such waiver constitute a continuing waiver of such provisions unless otherwise expressly provided. Each party to this Agreement has participated in its drafting and, therefore, ambiguities in this Agreement will not be construed against any party to this Agreement.

I. **Severability.** If any term or provision of this Agreement shall be deemed invalid or unenforceable, the remainder of this Agreement shall not be affected thereby, and each remaining term and provision of this Agreement shall be valid and in force to the fullest extent permitted by law.

J. **Notices.** All notices, requests, demands and other communications which may be required under this Agreement shall be in writing and shall be deemed to have been received when transmitted; if personally delivered, if transmitted by telecopier, electronic or digital transmission method, upon transmission; if sent by next day delivery to a domestic address by a recognized overnight delivery service (e.g., Federal Express), the day after it is sent; and if sent by certified or registered mail, return receipt requested, upon receipt. In each case, notice shall be sent to the principal place of business of the respective party. Either party may change its address by giving written notice thereof to the other in accordance with the provisions of this paragraph.
K. **Titles and Captions.** Titles and captions contained in this Agreement are inserted only as a matter of convenience and for reference and in no way define, limit, extend or describe the scope of this Agreement or the intent of any provision herein.

L. **Governing Law.** The statutory, administrative and judicial law of the State of California (without reference to choice of law provisions of California law) shall govern the execution and performance of this Agreement.

M. **Confidentiality.** Each of the parties agrees not to disclose this Agreement or any information concerning this Agreement to any persons or entities, other than to their attorneys and accountants, or as otherwise may be required by law.

N. **Counterparts.** This Agreement may be executed in one or more counterparts, each of which constitutes an original, and all of which together constitute one and the same instrument. The signature of any person on a telecopy of this Agreement, or any notice, action or consent taken pursuant to this Agreement shall have the same full force and effect as such person's original signature.

O. **Disclaimer.** Consultant’s financial analysis activities and work product, which may include but is not limited to pro forma analysis and tax projections, are projections only. Actual results may differ materially from those expressed in the analysis performed by Consultant due to the integrity of data received, market conditions, economic events and conditions, and a variety of factors that could materially affect the data and conclusions. Client’s reliance on Consultant’s analysis must consider the foregoing.

Consultant services outlined and described herein are advisory services only. Any decisions or actions taken or not taken by Client and affiliates, are deemed to be based on Client’s understanding and by execution of this Agreement, acknowledgement that Consultant’s services are advisory only and as such, cannot be relied on as to the results, performance and conclusions of any investment or project that Client may or may not undertake as related to the services provided including any verbal or written communications by and between the Client and Consultant.

Client acknowledges that Consultant’s use of work product is limited to the purposes contemplated within this Agreement. Consultant makes no representation of the work product's application to, or suitability for use in, circumstances not contemplated by the scope of work under this Agreement.

P. **Limitation of Damages.** In the event Consultant is found liable for any violation of duty, whether in tort or in contract, damages shall be limited to the amount Consultant has received from Client.

Q. **Expiration of Proposal for Services.** If this Agreement is not fully executed by the parties within thirty (30) days from the date of this letter, this proposal shall expire.

R. **Not an agreement for Legal Services or Legal Advice.** This Agreement does not constitute an agreement for the performance of legal services or the provision of
legal advice, or legal opinion. Client should seek independent legal counsel on matters for which Client is seeking legal advice.

VII. ACCEPTANCE AND AUTHORIZATION

If this Agreement is acceptable to Client, please execute two copies of the Agreement and return both originals to Kosmont Companies. Upon receipt of both signed contracts, we will return one fully executed original for your files. Kosmont will commence work upon receipt of executed Agreement.

Read, understood, and agreed to this

____ Day of ________________ 2017

South Park Business Improvement District

Kosmont & Associates, Inc.
doing business as “Kosmont Companies”

By: __________________________   By: __________________________
   (Signature)                   (Signature)

Name: __________________________ Name: Larry J. Kosmont, CRE®
   (Print Name)                   (Print Name)

Its: __________________________   Its: President & CEO
   (Title)                       (Title)
ATTACHMENT A

Kosmont Companies
2017 Public Agency Fee Schedule

Professional Services

President & CEO $305.00/hour
Executive Vice President $290.00/hour
Partner/Senior Vice President/Senior Consultant $275.00/hour
Vice President/Associate $195.00/hour
Project Analyst/Project Research $165.00/hour
Assistant Project Analyst/Assistant Project Manager $125.00/hour
GIS Mapping/Graphics Service $ 95.00/hour
Clerical Support $ 60.00/hour

- **Additional Expenses**

  In addition to professional services (labor fees):
  1) An administrative fee for in-house copy, fax, phone and postage costs will be charged, which will be computed at four percent (4.0 %) of monthly Kosmont Companies professional service fees incurred; plus
  2) Out-of-pocket expenditures, such as travel and mileage, professional printing, and delivery charges for messenger and overnight packages will be charged at cost.
  3) If Kosmont retains Third Party Vendor(s) for Client (with Client’s advance approval), fees and cost will be billed to Client at 1.1X (times) fees and costs.
  4) Consultant’s attendance or participation at any public meeting requested by Client will be billed at the professional services (hourly) fees as shown on this Attachment A.

- **Charges for Court/Deposition/Expert Witness-Related Appearances**

  Court-related (non-preparation) activities, such as court appearances, depositions, mediation, arbitration, dispute resolution and other expert witness activities, will be charged at a court rate of 1.5 times scheduled rates, with a 4-hour minimum.

*Rates shall remain in effect until December 31, 2017.*