

Contractor and Tenant Responsibilities

Hollywood & Vine Mixed-Use Development Project Gatehouse Hollywood Development, L.P.

SECTION I. PURPOSE

The purpose of the Community Benefits Agreement for the Hollywood and Vine Mixed-Use Development Project is to provide for a concerted and coordinated effort on the part of the City, the CRA, and Developer, and Contractors and Commercial Tenants in the Development to maximize the benefits of the Development to the community. This Document sets forth the responsibilities of Commercial Tenants and Contractors in the Developer's portion of the Hollywood and Vine Mixed-Use Development Project. Parties that enter into leases or other contracts of which this Document is a part have certain responsibilities as set forth herein. The parties hope and intend that fulfillment of these responsibilities will benefit Commercial Tenants and Contractors as well as the surrounding community.

SECTION II. DEFINITIONS

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

“CBA” shall mean the Community Benefits Agreement entered into between the Coalition and the Developer.

“City” shall mean the City of Los Angeles.

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

“Commercial Tenant” shall mean any person or entity that has entered into a Lease Agreement. The Developer and Residential Tenants shall not be considered Commercial Tenants.

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

“Contractor” shall mean a prime contractor, a subcontractor, or any other business entering into a Contract with the Developer, a Commercial Tenant, or another Contractor. The Developer, Residential Tenants and Commercial Tenants shall not be considered Contractors.

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

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

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

“Document” shall mean this document, entitled “Contractor and Tenant Responsibilities.”

“Employer” shall mean a Commercial Tenant or Contractor that conducts any portion of its operations on-Site.

“First Source Referral System” shall mean the system developed and operated to implement the First Source Hiring Policy, described in Section IV of the CBA, and the organization operating or administering it.

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

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

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

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

“Site” shall mean that portion of the approximately 4.65 acres bounded by Hollywood Boulevard to the north, Selma Avenue on the south, Argyle Avenue on the

east and Vine Street on the west in the City which is more particularly described in the DDA.

“Targeted Job Applicants” shall mean individuals described in Section V.C. of this Document, and any job applicant referred to an Employer by the First Source Referral System.

SECTION III. WAGE REPORTING REQUIREMENTS

A. Coverage. Each Employer shall comply with the responsibilities set forth in this Section.

B. Reporting Requirements. Each Employer shall report in writing to the Developer: (a) its total number of On-Site Jobs; (b) its total number of Living Wage Jobs, as defined in Section III.C below; and (c) its total number of On-Site Jobs for which the Employer provides health insurance. Employers need not include exact salaries in such reports, but rather need only include the appropriate number of jobs for each category described above. Employers shall make such reports every six months during the first year that construction work for the Development occurs, and every twelve months thereafter.

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

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

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

SECTION IV. LIVING WAGE, WORKER RETENTION AND RESPONSIBLE CONTRACTING

A. Compliance with Living Wage Ordinance. Contractors shall comply with all applicable substantive provisions, monitoring provisions, and enforcement provisions of the City’s Living Wage Ordinance, set forth in the Los Angeles Administrative Code, Section 10.37 and implementing regulations.

B. Service Contractor Worker Retention. Contractors shall comply with all applicable substantive provisions, monitoring provisions, and enforcement provisions of the City’s Worker Retention Policy as set forth in the Los Angeles Administrative Code, Section 10.36.

C. Responsible Contracting. Employers shall not enter into any contract related to the use, maintenance or operation of the Development or part thereof, with any business who has been declared non-responsible under the City’s Contractor Responsibility Program (Los Angeles Administrative Code, Section 10.40); or whose status as a responsible contractor under that program has been revoked; or that has within the past three years been found by a court, an arbitrator, or an administrative agency to be in violation of labor relations, workplace safety, employment discrimination, or other workplace-related laws. Employers shall require their Contractors to provide information sufficient to enable Employers to comply with this provision.

SECTION V. FIRST SOURCE HIRING POLICY

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

B. Coverage. This First Source Hiring Policy shall apply to hiring by Employers for all On-Site Jobs, except for jobs for which the hiring procedures are governed by a collective bargaining agreement that conflicts with the First Source Hiring Policy described herein.

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

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

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

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

D. Liaison. At least one month prior to hiring for any On-Site Job, each Employer shall designate a liaison for issues related to this First Source Hiring Policy. The liaison shall work with the Coalition, the First Source Referral System, the Developer's liaison, and any pertinent government officials to ensure effective implementation of the First Source Hiring Policy.

E. Long-Range Planning. Within a reasonable time after the information is available following execution of a lease by a Commercial Tenant for space within the Development, the Commercial Tenant shall provide to the First Source Referral System the approximate number and type of jobs that will need to be filled and the basic qualifications necessary. In no event will such information be provided any later than thirty days prior to initial hiring.

F. Hiring process

1. Notification of job opportunities. Prior to hiring for any On-Site Job, an Employer shall notify the First Source 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.

2. Referrals. After receiving a notification under Section V.F.1., above, the First Source Referral System shall, within five days, refer to the Employer one or more Targeted Job Applicants who meet the Employer's qualifications.

3. Hiring

a. Initial Targeted Hiring Period. When making initial hires for the commencement of an Employer's operations in the Development, the Employer shall consider and hire only Targeted Job Applicants for a three-week period

following the notification of job opportunities described in Section V.F.1, above. After this period, the Employer shall make good faith commercially reasonable efforts to hire Targeted Job Applicants, but may consider and hire applicants referred or recruited through any source.

b. Ongoing Targeted Hiring Period. When making hires after the commencement of operations in the Development, an employer shall consider and hire only Targeted Job Applicants for a five-day period following the notification of job opportunities. After this period, the Employer shall make good faith commercially reasonable efforts to hire Targeted Job Applicants, but may consider and hire applicants referred or recruited through any source.

c. Hiring Procedure During Targeted Hiring Periods. During the periods described in Sections V.F.3.a. and b. above, Employers may hire Targeted Job Applicants recruited or referred through any source. During such periods Employers shall use normal hiring practices, including interviews, to consider all applicants referred by the First Source Referral System.

d. Notification. Once an available On-Site Job is filled, an Employer shall, within one week of filling the position, inform the First Source Referral System whether or not the Employer hired a Targeted Job Applicant for that position.

G. Goal. Any Employer who has filled more than fifty percent of available On-Site Jobs during a particular six-month period with Targeted Job Applicants (whether referred by the First Source Referral System or not), shall be deemed to be in compliance with this First Source Hiring Policy for all hiring during that six-month period. Any Employer who has complied with all remaining provisions of this First Source Hiring Policy shall be deemed to be in compliance with this First Source Hiring Policy even it has not met this fifty-percent goal during a particular six-month period.

H. No Referral Fees. No Employer shall be required to pay any fee, cost or expense of the First Source Referral System in connection with referrals.

I. Reporting And Recordkeeping Requirements

1. Reports. During the time that this First Source Hiring Policy is applicable to any Employer, that Employer shall, every six months, notify the First Source Referral System of the number, by job classification, of Targeted Job Applicants hired by the Employer during that six-month period, and the total number of employees hired by the Employer for On-Site Jobs during that six-month period.

2. Recordkeeping. During the time that this First Source Hiring Policy is applicable to any Employer, that Employer shall retain records sufficient to report compliance with the First Source Hiring Policy, including records of notifications sent to the First Source Referral System, referrals from the First Source Referral System,

job applications received from any source, number of Targeted Job Applicants hired, and total number of employees hired for On-Site Jobs. To the extent allowed by law, and upon reasonable notice, these records shall be made available to the City or the CRA for inspection upon request. Records may be redacted so that individuals are not identified by name and so that information required by law to remain confidential is excluded.

3. Failure to Meet Goal. In the event an Employer has not met the 50% goal during a particular six-month period, the CRA may require the Employer to provide reasons it has not met the goal, and the CRA may determine whether the Employer has nonetheless adhered to this Policy.

J. Meet & Confer. If the Coalition, the First Source Referral System, or the City or CRA reasonably believes that an Employer is not complying with these First Source Hiring requirements, then the Coalition, the First Source Referral System, the City or CRA, and/or the Employer shall meet and confer in a good faith attempt to resolve the issue. If the issue is not resolved through the meet and confer process within a ninety days of initial contact with the Employer, responsibilities under this Section V of this Document become enforceable. All provisions of other Sections of this Document are enforceable *ab initio*.

SECTION VI. HEALTH CARE INFORMATION

Employers shall use reasonable efforts to cooperate fully with efforts by the Coalition or other community-based organizations to provide information about health care programs and services to individuals working in On-Site Jobs.

SECTION VII. GENERAL LEGAL PROVISIONS

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

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

C. Binding on Successors. This Document shall be binding upon and inure to the benefit of the successors in interest, transferees, assigns, present and future partners, subsidiary corporations, affiliates, agents, representatives, heirs, and administrators of each of the parties hereto. Any reference in this Document to a party

shall be deemed to apply to any successor in interest, transferee, assign, present or future partner, subsidiary corporation, affiliate, agent, representative, heir or administrator of such party; provided, however, that upon any transfer or assignment the transferor or assignee shall be released from any further obligation hereunder.

D. Lease Agreements and Contracts. Commercial Tenants and Contractors shall not execute any sublease agreement or other Contract unless the entirety of this Document is included as a material term thereof.

E. Assurance Regarding Preexisting Contracts. Each Commercial Tenant and Contractor warrants and represents that as of the date of mutual execution of this Document, it has executed no sublease agreement or other contract with respect to the Development that would violate any provision of this Document had it been executed after the effective date of this Document.

F. Intended Beneficiaries. The City, the CRA, and the Coalition are intended third-party beneficiaries of Contracts and other agreements of which this Document is a part, with regard to the terms and provisions of this Document. The City, the CRA and the Coalition shall each independently have the right to enforce the provisions of this Document against all parties to Contracts or other agreements of which this Document is a part.

G. Material Terms. All provisions of this Document shall be material terms of any Contract or other agreement of which this Document is a part.

H. Term. This Document shall become effective on the effective date of any Contract or other agreement of which it is a part, and shall terminate twenty (20) years from the effective date of the CBA. Upon termination of the effectiveness of this Document as described in this section, all entities with responsibilities under this Document shall have no further responsibilities.

I. Construction. Any party that enters into a binding Contract or other agreement of which this Document is a part has been advised by, or has had the opportunity to consult with, counsel with regard to this Document. Accordingly, this Document shall not be strictly construed against any party, and the rule of construction that any ambiguities be resolved against the drafting party shall not apply to this Document.

J. Entire Agreement. This Document contains the entire agreement between the parties on the subjects described herein, and supercedes any prior agreements, whether written or oral. This Document may not be altered, amended or modified except by an instrument in writing signed in writing by all parties to a contract of which it is a part.