AGREEMENT NO. 17-456
APPROVED: June 15, 2017

EXCLUSIVE NEGOTIATING AGREEMENT

This Exclusive Negotiating Agreement, dated as of 06/15/2017 (the "Agreement"), is made by and among the City of Inglewood, a municipal corporation (the "City"), the City of Inglewood as Successor Agency to the Inglewood Redevelopment Agency, a public body, corporate and politic (the "Successor Agency"), the Inglewood Parking Authority, a public body, corporate and politic (the "Authority") and Murphy’s Bowl LLC, a Delaware limited liability company (the "Developer").

The City, Successor Agency and the Authority are sometimes collectively referred to herein as the "Public Entities"). The Public Entities and Developer are sometimes herein referred to as the "Parties").

For and in consideration of the mutual covenants and promises herein, the parties agree as follows:

RECITALS

This Agreement is entered into with reference to the following facts:

A. The subject matter of this Agreement are certain parcels of real properties located in the City of Inglewood that are bounded by Century Boulevard on the north, Prairie Avenue on the west, Yukon Avenue on the east, and 104th Street on the south, and two parcels located to the west of Prairie Avenue and identified as the 2.76 acre parcel and the 3.12 acre parcel (the "Site"), as generally depicted on the “Site Map” attached hereto, labeled Exhibit A, and incorporated herein by this reference. Once established by the Parties, the parcels comprising the Site will be specifically identified and will consist of all or some of the following parcels: (1) those certain parcels of real property currently owned by the City referred to and identified as the “City Parcels” and designated as such on the Site Map, Exhibit A; (2) those certain parcels of real property currently owned by the Successor Agency referred to and identified as the “Agency Parcels” and designated as such on the Site Map, Exhibit A; and (3) those certain parcels of real property currently owned by third parties referred to and identified as the “Potential Participating Parcels” and designated as such on the Site Map, attached hereto as Exhibit A in which the City and/or the Authority may acquire in accordance with applicable law and this Agreement.

B. It is proposed by the Parties that certain fee title and/or leasehold title to the City Parcel, Agency Parcel and Potential Participating Parcels, if any, comprising the Site will be conveyed to the Developer for development as a premier and state-of-the-art National Basketball Association (“NBA”) professional basketball arena consisting of approximately 18,000 to 20,000 seats as well as related landscaping, parking and various other ancillary uses related to and compatible with the operation and promotion of a state-of-the-art NBA arena on the Site (the “Project”).

1 The “Effective Date” of this Agreement, and the commencement of the Exclusive Negotiating Period, shall be the first calendar day of the month following the approval of this Agreement by the Public Entities.
C. It is anticipated by the Parties that the all of the parcels comprising the Site will be separately conveyed to the Developer by each of the City, Successor Agency and/or the Authority in accordance with their respective interests in the Site; provided however, and at the discretion of the Public Entities, the City Parcels, Agency Parcels and the Authority’s interest in the Potential Participating Parcels, if any, may be singularly conveyed by the City or the Authority to the extent feasible and legally permissible. Moreover, it is contemplated by the Parties that conveyance of the City Parcels, Agency Parcels and the Authority’s interest in the Potential Participating Parcels, if any, by the Public Entities will take place concurrently with back to back escrow closings to the extent a joint conveyance by the City or the Authority is not legally feasible and permissible.

D. In furtherance of the objectives of the California Redevelopment Dissolution Law, as amended (“AB 26”), if the Project is approved by the Public Entities, the Successor Agency shall convey its interests in the Agency Parcels comprising the Site (as defined in this Agreement) directly to the Developer under applicable provisions contained in AB 26. AB 26 has required the dissolution of the former Inglewood Redevelopment Agency (the “RDA”). The conveyance of the Agency Parcels comprising the Site shall be conveyed (if approved) consistent with the Successor Agency’s approved Long Range Property Management Plan (the “LRPMP”), which has been approved by the Successor Agency, the Oversight Board to the Successor Agency, and the California Department of Finance (the “DOF”). The Public Entities have not approved the Project as of the Effective Date of this Agreement, notwithstanding the Agreement’s contemplation of the process by which the approvals may be obtained.

E. In accordance with the requirements of AB 26, the Successor Agency, along with the City and the Authority, has selected the Developer for conveyance and development of the Agency Parcels (along with the balance of the Site) as a result of the Developer’s affiliation with an NBA franchise that can be moved to the City (subject to NBA approval), and the Developer’s experience and expressed commitment to expeditiously develop the Project on the Site so as to bolster the economic revitalization of Inglewood.

F. All entitlements required and requested by the Developer for the development of the Project on the Site will be considered for approval by the City in accordance with applicable City land use requirements and the City Municipal Code.

G. It is being proposed by the Developer that the Project be developed in multiple phases and that it be developed in a manner consistent with the descriptions, undertakings, procedures and other provisions set forth in this Agreement and as may be set forth in a proposed DDA (as such term is defined in Section 5, below), subject to changes or revisions if and as agreed to by the City (on the behalf of the Public Entities) and Developer (subject to the provisions of Section 25 below), or as may arise from the City’s independent regulatory review of the proposed Project.

H. As a result of the qualifications, experience and identity of Developer,
which are of particular concern to the Public Entities, both individually and collectively, the Public Entities desire to enter into this Agreement with the Developer with the objective of negotiating a proposed mutually acceptable Disposition and Development Agreement for consideration by the Public Entities, providing for the development of the proposed Project consistent with and subject to the terms and conditions of this Agreement.

I. The Public Entities anticipate that following execution of this Agreement and through the period of negotiation and the preparation of any Disposition and Development Agreement for the development of the Project, staff of the City on the behalf of the Public Entities, as well as certain consultants and attorneys hired by the Public Entities will devote substantial time and effort in reviewing plans, contacting and meeting with the Developer and various other necessary third parties, and providing other aid and assistance to the Developer in connection with the proposed Project, as well as negotiating and preparing the proposed Disposition and Development Agreement described above.

Section 1. Definitions. The following terms shall have the meaning ascribed thereto, unless the context requires otherwise:

"Agreement" means this Exclusive Negotiating Agreement, by and among the City, Successor Agency, the Authority and the Developer.

"Authority" means the Inglewood Parking Authority, a public body organized and existing pursuant to the California Parking Law of 1949.

"City" means the City of Inglewood, a municipal corporation, organized and existing pursuant to the Constitution and laws of the State of California.

"Developer" means Murphy's Bowl LLC, a Delaware limited liability company.

"Exclusive Negotiating Period" means a period of time consisting of thirty-six (36) months commencing on the Effective Date specified in this Agreement above, subject to extension as provided in this Agreement for Force Majeure and Challenges and/or for additional negotiations as established by the Public Entities pursuant to Section 4 below.

"Party" means any party to this Agreement.

"Site" means those certain parcels of real property generally described in Section A of this Agreement.

"Successor Agency" means the City of Inglewood as Successor Agency to the Inglewood Redevelopment Agency, a public body established pursuant to AB 26.

Section 2. Obligations of the Public Entities.

(a) During the Exclusive Negotiating Period and the sixty (60) day period referred to in Section 22 below, the Public Entities shall perform the following: (i) review
and consider all financial documents required of Developer for the financing of the proposed Project; and (ii) shall not negotiate with or consider any offers or solicitations from, any person or entity, other than the Developer, regarding a Disposition and Development Agreement for the sale, lease, disposition, and/or development of the Site. City staff shall be available to meet with the Developer to discuss the proposed development of the Site, the site plan and architectural renderings, and any other issues pertinent to the preparation of a Disposition and Development Agreement for the proposed development of the Project on the Site.

(b) In the event that the Parties mutually agree in a written agreement signed by the Developer and the Mayor prior to entering into an approved DDA that all or certain of those parcels of real property comprising the Potential Participating Parcels specifically identified by the Parties are necessary for the development of the proposed Project, the City and/or the Authority, as applicable, subject to the Developer obligations as set forth in Section 3(g), shall use its best efforts to acquire the parcels of real property comprising the Potential Participating Parcels so identified by the Parties in accordance with applicable law. In the event the City and/or the Authority, as applicable, is unable to acquire all such identified and required parcels of the Potential Participating Parcels by negotiated voluntary sale, then the City or the Authority, as applicable, may elect, in its sole discretion, to give legal notice and schedule a public hearing to consider the adoption of a resolution of necessity authorizing the acquisition of the Potential Participating Parcels by eminent domain. The adoption of the resolution of necessity shall be subject to the sole discretion of the City and/or the Authority and nothing in this Agreement shall obligate the City and/or the Authority to adopt a resolution of necessity with respect to any of the Potential Participating Parcels.

(c) For purposes of Developer’s initial due diligence for the Project during the Exclusive Negotiating Period, the City shall grant Developer access to the City Parcels and Agency Parcels pursuant to a right of entry agreement as described in Section 18(b), which right of entry shall continue as long as this Agreement is in effect; and the City shall respond to requests for information from the Developer in a timely fashion. The Public Entities acknowledge and agree that Developer’s due diligence may encompass such matters as, without limitation, title and survey, environmental conditions, soil conditions, physical conditions, siting, access, traffic patterns, financing, economic feasibility, platting, and zoning.

Section 3. Obligations of Developer.

During the Exclusive Negotiating Period the obligations of Developer shall include the following:

(a) Within thirty (30) days of the Effective Date of this Agreement, the Developer and City shall enter into a funding agreement pursuant to which, the Developer shall reimburse the City for all third party costs incurred in obtaining the necessary documentation required for the review and approval of the proposed development of the Site (the “Environmental Review”), as may be required by CEQA (as such term is defined in Section 7). The City shall consult with Developer and keep Developer reasonably
informed regarding the proposed timeline for the Environmental Review and the selection of the vendors to perform the Environmental Review. The funding agreement shall provide a process where the City shall establish a budget for the Environmental Review which shall be approved or disapproved in Developer’s reasonable discretion and shall contain a dispute resolution procedure in the event the parties cannot agree on the budget. The funding agreement shall provide a process where the City shall establish a budget for the Environmental Review which shall be approved or disapproved in Developer’s reasonable discretion and shall contain a dispute resolution procedure in the event the parties cannot agree on the budget.

(b) Within one hundred fifty (150) days of the Effective Date of this Agreement, the Developer shall provide to the City a reasonable draft cost pro forma, and a reasonable draft table describing the sources and uses of funds and cash flow projections and distributions, concerning the proposed development of the Site, and a narrative describing the fundamental economics of the proposed Project (the “Project Pro Forma”), in a form reasonably acceptable to the City. If the Project Pro Forma submitted by the Developer to the City is not reasonably acceptable to the City, the City shall within thirty days after receipt of the Project Pro Forma provide detailed comments about the Project Pro Forma and set forth those items that are unacceptable to the City; pursuant to which, the City and the Developer shall meet and negotiate in good faith to modify the Project Pro Forma at a level acceptable to the City.

(c) Within sixty (60) days after the City finds the Project Pro Forma acceptable, the Developer shall also provide a conditional commitment letter from an equity investor providing the necessary equity financing consistent with the acceptable Project Pro Forma. This condition may be satisfied by the Developer submitting to the City evidence reasonably acceptable to the City demonstrating sufficient liquidity required for the development of the Site. If such submission is not reasonably acceptable to the City, the City shall within thirty days after receipt of the Project Pro Forma provide detailed comments setting forth those items that are unacceptable to the City, and the City and the Developer shall meet and negotiate in good faith to modify the submission(s) in order that such evidence may be acceptable to the City.

(d) Within one hundred eighty (180) days of the Effective Date of this Agreement, the Developer shall deliver to the City a sketch and legal description of the portions of the property which the Developer would like to acquire for development of the Project (which property shall constitute the “Site”) and a conceptual site plan and basic architectural renderings for the development of the proposed Project and any additional information reasonably requested by the City concerning any conceptual site plan and basic architectural renderings for the development of the proposed Project on the Site submitted by the Developer in a form sufficient to commence the Environmental Review. The parties acknowledge that the detailed site plan and architectural drawings shall not be required to be prepared by Developer until Developer is processing the Entitlements (as such term is defined in Section 25, below), at which time final site plan and architectural renderings shall be prepared and shall include a well-defined architectural concept for the proposed Project showing vehicular circulation and access points, amounts and location of parking, location and size of all buildings (including height and perimeter dimensions).
pedestrian circulation, landscaping and architectural character of the proposed Project. However, no such site plan or architectural renderings shall be deemed final until approved by the City pursuant to an approved and executed Disposition and Development Agreement and the submittal of complete applications by the Developer for the entitlements required for development of the Project on the Site.

(e) Conduct and make at least two presentations of the proposed Project at community meetings noticed per City instructions. The first such community meeting shall be conducted not later than ninety (90) days after the date of the expiration of the one hundred fifty (150) day period referenced in Section 3(b), above, and the second such community meeting shall be conducted not later than one hundred and eighty (180) days after the date of the first community meeting.

(f) In consideration for the Public Entities entering into this Agreement, the Developer shall deliver the Non-Refundable Deposit required by Section 5 below in the form of cash, certificate(s) of deposit or irrevocable and unconditional letter(s) of credit in form and substance reasonably acceptable to the City.

(g) In the event that the Parties mutually agree in a written agreement signed by the Developer and the Mayor prior to entering into an approved DDA that all or certain of those parcels of real property comprising the Potential Participating Parcels specifically identified by the Parties are necessary for the development of the proposed Project, and the City and/or the Authority uses its best efforts to acquire all or certain of these required parcels, the Developer shall fully advance to the City and/or Authority, as applicable, all costs associated with the acquisition of these parcels including, but not limited to, the payment of the negotiated purchase price for these parcels and all legally required relocation costs associated with the acquisitions; provided, however, that before the City and/or Authority enters into any acquisition agreement with any owner of the Potential Participating Parcels, the City and/or the Authority, as applicable, shall first obtain the Developer’s consent (which shall not be unreasonably withheld, conditioned or delayed) for the proposed purchase price for any such parcel(s). However, any such written agreement signed by Developer and either the City Manager or the Mayor, as applicable, shall provide that in the event that the City and/or Authority, as applicable, legally determines to use its eminent domain authority subject to the California eminent domain law limitations, to acquire all or certain parcels of the real property comprising the Potential Participating Parcels required for the development of the proposed Project, the Developer shall, in accordance with the terms of such written agreement entered into by the Developer and the City and/or the Authority prior to entering into an approved DDA, advance to the City and/or Authority, as applicable, all costs associated with the exercise of such eminent domain authority (including all court costs and reasonable legal fees), as well as all acquisition costs including, but not limited to, the payment of fair market value for each of the condemned parcels as determined by the Court, or pursuant to a negotiated acquisition or settlement agreement, as approved by the Developer. In addition, the Developer shall also pay all legally required relocation costs associated with such acquisition. With the exception of the court costs and reasonable attorney fees advanced and paid by the Developer for the eminent domain action undertaken by the City and/or the Authority, as applicable, all such advanced acquisition costs shall be credited against the “Payment
Consideration Amount" as defined and described in Section 6(c) below, payable by the Developer to the Public Entities for the conveyance of the Site.

Section 4. Exclusive Negotiation Period.

THE EXCLUSIVE NEGOTIATING PERIOD SHALL TERMINATE ON THE DATE THAT IS THIRTY-SIX (36) MONTHS AFTER THE EFFECTIVE DATE HEREOF, SUBJECT TO EXTENSION AS PROVIDED IN THIS AGREEMENT FOR FORCE MAJEURE AND CHALLENGES. HOWEVER, THE EXCLUSIVE NEGOTIATING PERIOD MAY ALSO BE EXTENDED BY THE MUTUAL WRITTEN CONSENT OF THE PARTIES FOR ONE ADDITIONAL PERIOD OF SIX (6) MONTHS. THE CITY MANAGER MAY: (1) GRANT SUCH EXTENSION FOR AND ON BEHALF OF THE CITY; AND (2) GRANT SUCH EXTENSION IN HIS CAPACITY AS EXECUTIVE DIRECTOR OF THE SUCCESSOR AGENCY, FOR AND ON BEHALF OF THE SUCCESSOR AGENCY, AND (3) GRANT SUCH EXTENSION IN HIS CAPACITY AS EXECUTIVE DIRECTOR OF THE AUTHORITY FOR AND ON BEHALF OF THE AUTHORITY, ALL OF WHICH IN HIS REASONABLE DISCRETION. HOWEVER, NOTWITHSTANDING THE FOREGOING, THE CITY MANAGER AND IN HIS CAPACITY AS EXECUTIVE DIRECTOR SHALL NOT DENY ANY REQUESTED EXTENSION IF AT THE TIME OF THE REQUEST BY DEVELOPER, THE PUBLIC ENTITIES ARE UNABLE TO SIGN A DISPOSITION AND DEVELOPMENT AGREEMENT DUE TO ITS FAILURE TO: (I) COMPLETE ANY APPLICABLE CEQA REVIEW NECESSARY FOR THE PUBLIC ENTITIES TO SIGN A DISPOSITION AND DEVELOPMENT AGREEMENT; OR (II) SATISFY ANY CONDITION OR REQUIREMENT OF AB 26.

Initials:

\[\text{Developer}\]
\[\text{City}\]
\[\text{Successor Agency}\]
\[\text{Authority}\]

If the City Manager and in his capacity as Executive Director, has granted a written extension of the term of this Agreement as provided hereinabove, then the Parties shall within such extended term, and subject to Developer’s right to terminate this Agreement under Section 8(b), continue to negotiate in good faith a Disposition and Development Agreement in accordance with the terms of this Agreement for the proposed development of the Project on the Site, and the Exclusive Negotiating Period under this Agreement shall be deemed extended for the period of the extension.

However, notwithstanding the foregoing, the City Manager and in his capacity as Executive Director may, in his sole discretion, submit any extension request to the City Council, the Successor Agency and the Authority for their consideration consistent with this Section 4.
Section 5. Non-Refundable Deposit.

Developer shall, within twenty-four (24) hours after City approval of this Agreement, deposit with the City the sum of One Million Five Hundred Thousand Dollars ($1,500,000) which amount shall constitute and be referred to herein as the "Non-Refundable Deposit." The Non-Refundable Deposit shall be paid as consideration to the Public Entities for entering into this Agreement and the City shall have the right, but not the obligation to use or spend the proceeds of the Non-Refundable Deposit towards the payment of certain administrative costs and any other related expenses incurred by the Public Entities (the "City Expenses") relative to the negotiation and preparation of a Disposition and Development Agreement (sometimes referred to herein as the "DDA") and/or the implementation of the various obligations of the Public Entities as set forth in this Agreement. All proceeds of the Non-Refundable Deposit shall be the sole property of the City upon submittal by Developer, and shall in no event be refundable, in whole or in part, to the Developer for any reason including, but not limited, to the Parties' inability to enter into a DDA.

Section 6. Disposition and Development Agreement. Subject to Developer's right to terminate this Agreement under Section 8(h), the Parties hereby acknowledge and agree that during the Exclusive Negotiation Period, the Parties shall use their respective good faith efforts to negotiate and enter into a Disposition and Development Agreement which shall include, but not be limited to, the following terms. The Parties hereby acknowledge that the following terms set forth a general outline for the Parties going forward and that the Disposition and Development Agreement will contain substantial additional terms which, through mutual negotiation and agreement, may differ from the following specific provisions:

(a) A Scope of Development setting forth the specific development components of the proposed Project including the total square feet of proposed Project, the number of required parking spaces and the design parameters for the Site including, but not be limited to, demolition and clearance activity on the Site, building height, acceptable architectural and landscape quality, access and circulation, determination of parcel boundaries, on-site and off-site improvements, site- perimeter treatment, landscaped buffers, parking, signage, lighting, and easements, if applicable. The design of the proposed Project to be developed on the Site by the Developer shall be reasonably consistent with any concept, plans, schematics and drawings approved by the City, subject to the provisions of Section 25, and shall be of the highest quality and standard.

(b) Developer submittal to the City of various concepts, plans, schematics and drawings depicting the development of the Project on the Site on a phase by phase basis, the final construction plans and all other items and materials required by the City for its approval consideration of the entitlements needed for the proposed development of the Project on the Site, Prior to conveyance of the Site to the Developer or as soon thereafter as they are completed, the Developer shall provide concept and schematic plans for the entire proposed Project as well as final construction plans and any other related items or materials required for the development of the Project on the Site.
(c) Any Disposition and Development Agreement that may be negotiated and entered into pursuant to this Agreement by the Parties shall provide that the Developer shall pay a purchase price of not less than fair market value for the conveyance of the City Parcels and Agency Parcels (which fair market value shall be determined by an appraisal of the City Parcels and Agency Parcels using a valuation date as of the Effective Date), and the fair market leasehold value for the lease of the Potential Participating Parcels, if any, by the Authority (collectively, the “Payment Consideration Amount”). Notwithstanding the foregoing, the Payment Consideration Amount shall be subject to reduction as a consequence of any payment obligation of the Developer attributable to all reasonable costs associated with any environmental remediation reasonably approved by the Public Entities required for the development of the Project on the Site in accordance with remediation procedures established by any applicable governing or public entity having jurisdiction over the remediation of the Site and for the payment by the Developer of any advance for eminent domain pursuant to Section 3(g) above.

(d) Establishment of a detailed Schedule of Performance in which an acquisition and construction schedule for the development of the proposed Project on the Site will be provided and the time frame for the submittal of final plans and specifications by the Developer for approval consideration by the Public Entities, consistent with the approved Scope of Development. The Schedule shall also include Developer participation in community presentations for the expressed purpose of allowing community residents to review the plans and drawings.

(e) The operation and management of the proposed Project by the Developer in a good and professional manner.

(f) The maintenance of landscaping, buildings and improvements in good condition and satisfactory state of repair so as to be attractive to the community residents.

(g) The operation of the proposed development of the Project on the Site by the Developer in compliance with all applicable equal opportunity standards established by Federal, State and local law.

(h) If the City determines in its reasonable discretion that the financial status of Developer and the Guarantor is not sufficient to satisfy the obligations of the Developer under this Agreement and any DDA, then the City may mandate a provision requiring the Developer’s contractor to provide a payment and performance bond ensuring the obligations of said contractor.

(i) The payment by Developer on or before the execution of the DDA by City of a Good Faith Deposit in a form provided for in the DDA, in the amount provided in the DDA, which, at the option of the Developer, may be applied towards the Payment Consideration Amount.

(j) A provision providing that the Developer shall be solely responsible for all development costs of the proposed Project. Neither the Public Entities, nor any of their
officers, employees, consultants or agents have provided any direct or indirect information or taken any position which in any way would indicate that the proposed development of the Project on the Site is or is not subject to the State of California’s prevailing wage requirements.

(k) A sources and uses budget, which shall be based upon a financial pro forma that has been reasonably approved by the City, and a feasible method of financing, reasonably demonstrating to the City the availability of all funds needed to complete the development of the proposed Project on the Site. The DDA shall require the submittal of documentation of all proposed construction loans and owner equity needed to carry out the proposed method of financing. Developer agrees to make continuing full disclosure to the City of its proposed methods of financing, including the financing of any off-site improvements that are required to obtain the necessary entitlements for the proposed development of the Site.

(l) It is the intention of the Public Entities and Developer that the disposition and development of the Site be completed in a timely and an expeditious manner. Accordingly, a Schedule of Performance shall be included encompassing appropriate and necessary legal, administrative, transfer of property ownership and interests, financial and construction benchmarks to be met by the appropriate Party, together with required conditions precedent for the conveyance of the Site or applicable portions thereof, including without limitation adequate evidence of financing and entitlements for the proposed development of the Site. The Schedule of Performance shall be subject to extension for: (a) “Force Majeure” (a period of time equal to any period of delay experienced by Developer due to strikes, civil riots, war, invasion, fire or other casualty, acts of God, unavailability of labor or materials, adverse weather conditions, act or failure to act of governmental or quasi-governmental authorities or utilities, including failure or delay in issuing necessary approvals, permits and licenses, and zoning changes and any act or failure to act of third-party utility service providers, or other causes beyond the reasonable control of Purchaser; and (b) in the event of an administrative appeal, judicial challenge, or filing an application for referendum for such approval to any of the Entitlements (collectively a “Challenge”) until the Challenge is finally resolved on terms satisfactory to Developer or waived in its sole discretion.

(m) Appropriate controls to regulate the use of the Site, including but not limited to an Agreement Affecting Real Property, setting forth the ongoing uses, tenant selection criteria and maintenance obligations with respect to the Site in the form of covenants binding on all successors and assigns.

(n) Subject to the adjustment to the Payment Consideration Amount as contemplated in Section 6(c) hereof, the Developer’s responsibility for all costs and fees associated with the removal or remediation of any potentially Hazardous Materials from the Site, and demolition and clearance of all improvements on the Site;

(o) The DDA shall be subject to the City’s standard insurance requirements for the development of the Site and all other applicable and customary City policies;
(p) The Developer shall use its best efforts to utilize (subject to Developer’s right to impose customary screening and qualification standards on all hires) local residents and community businesses in all aspects of the development of the proposed Project.

(q) In order to attempt to provide additional employment opportunities for Inglewood residents and businesses, the Developer shall engage in the following process with the goal of hiring qualified Inglewood residents for no less than 30% of the construction workforce for the Project from a list of targeted zip codes mutually agreed upon by the City and Developer and 35% of the employment positions needed in connection with Developer’s operation of the Site after completion of the Project: (i) upon commencement of a job search, publication of employment opportunities in a newspaper of general circulation in Inglewood, social media and the City’s website, and (ii) utilization of the resources and networks of the WOCP to create a community resource list that includes Southbay Workforce Investment Board as the primary resource agency and other similar organizations whose capabilities are matched with the particular needs of the Project. Developer and its contractors, subcontractors and vendors’ obligations with respect to this goal shall be satisfied by engaging in the following activities: (w) utilization of the WOCP to identify and solicit qualified Inglewood residents; (x) coordination with organizations such as the Inglewood Airport Chamber of Commerce and Inglewood Partners for Progress to identify and solicit qualified Inglewood residents; (y) funding by Developer and participation in job fairs as may be reasonably requested by City and (z) coordination of local jobs training programs including pre-apprentice programs with the Southbay Workforce Investment Board as the primary resource agency and other local job resource agencies.

(r) To the extent legally permissible, Developer shall designate, and shall cause its contractors, subcontractors, vendors and other third parties under its control or with whom it enjoys privity of contract to designate the City of Inglewood as the point of sale for California sales and use tax purposes (to the extent the payment of sales and use tax is required by applicable law), for all purchases of materials, fixtures, furniture, machinery, equipment and supplies for the development of the Site during construction thereof.

(s) The delivery to the City on or before the City’s execution of the DDA of a Performance and Completion Guaranty of an individual or entity (the “Guarantor”) having a net worth at least equal to that of the Guarantor approved by the City in its sole and absolute discretion, assuring the timely performance of the Developer’s obligations under the DDA.

(t) The installation and placement of appropriate signage on the Site identifying the use of the Site as a premier and state of the art NBA arena and certain ancillary uses related to and compatible with the operation of the arena.

(u) Additional environmental, feasibility, Entitlement, NBA approval and/or other contingencies on the obligations of the Parties.

(v) Appropriate provisions providing for the advance of funds by the Developer for the acquisition of the parcels of real property comprising the Potential Participating
Parcel in the event the Parties determine that any or all of the parcels are necessary for the development of the proposed Project.

Section 7. California Environmental Quality Act. Execution of a DDA by the Public Entities shall be subject to compliance with the California Environmental Quality Act ("CEQA"), California Public Resources Code §§ 21000 et seq. (as amended, and including any successor statutes and regulations promulgated pursuant thereto). In this regard, the City may conduct an Initial Study of the proposed Project pursuant to Section 15063 of CEQA or other appropriate documentation in order to determine the appropriate environmental documents and procedures that may be necessary to comply with CEQA as to the consideration and potential approval of the DDA by the Public Entities. The Developer hereby agrees to provide all assistance to the City necessary for the Public Entities to carry out their obligations under CEQA. In the event the City determines after consultation with the Developer that additional Environmental Review is required pursuant to CEQA, all such costs of the additional environmental work shall be the responsibility of the Developer as required by CEQA.

Section 8. Termination.

(a) Any Party may terminate this Agreement if another Party should materially fail to comply with and perform in a timely manner all provisions hereof to be performed by the Party, or if no progress is being made in the DDA negotiations as a result of its failure to negotiate a DDA in good faith as required hereby. The Party claiming a failure shall give thirty (30) days written notice to the other Parties specifying any failure under the terms of this Agreement. The Party claiming failure shall not terminate this Agreement if the other Party(ies) cures the deficiency(ies) specified in the notice within said thirty (30) day period, or commences to cure to completion the deficiency(ies) in the event such deficiency(ies) cannot be cured within the requisite thirty (30) day period.

(b) Developer may at any time and for any reason during the Exclusive Negotiating Period elect not to proceed with the Project. Upon such an election Developer shall promptly provide written notice of termination of this Agreement to the other Parties.

(c) Upon a termination of this Agreement pursuant to the foregoing Section 8(a) or Section 8(b), (i) no portion of the Non-Refundable Amount shall be returned to the Developer and the entire amount shall be retained by the City as its property, (ii) but any funds advanced by the Developer to the City and/or Authority pursuant to Section 3(g) shall be returned to the Developer (less reasonable attorneys' fees and costs incurred by the Public Entities in connection with the eminent domain proceedings, including, but not limited to, any damages payable to the owners of the Potential Participating Parcels and/or their respective legal counsel associated with the abandonment of the eminent domain proceedings as required to be paid under California law; provided however, if the City and/or Authority elect to continue to proceed with any eminent domain action commenced prior to the termination of this Agreement following the termination of this Agreement, the City and/or the Authority shall be solely responsible for the payment of any awards,
settlements or judgments in any such action and any costs associated with such action incurred after the termination of this Agreement), and (ii) the Parties shall have no further obligations to each other except for those obligations, if any, which by the terms of this Agreement expressly survive its termination.

Section 9. Governing Law. This Agreement and the legal relations between the parties hereto shall be governed by and construed and enforced in accordance with the laws of the State of California. Moreover, the parties hereby agree that in the event of litigation between the parties, venue for litigation brought in any state court shall lie exclusively in the County of Los Angeles, Superior Court, Southwest District located at 825 Maple Avenue, Torrance, California 90503-5058, and venue for any litigation brought in any federal court shall lie exclusively in the Central District of California, Los Angeles.

Section 10. No Other Agreement. This Agreement constitutes the entire agreement of the parties hereto with respect to the subject matter hereof. There are no agreements or understandings between the parties and no representations by either party to the other as an inducement to enter into this Agreement, except as expressly set forth herein. All prior negotiations between the parties are superseded by this Agreement. This Agreement may not be altered, amended or modified except by a written agreement executed by the Parties. Notwithstanding anything provided herein to the contrary, whether expressed or implied, neither the Public Entities nor the Developer shall have any obligation to enter into a Disposition and Development Agreement with the other party and neither Public Entities nor the Developer, nor any of their respective officers, members, staff or agents have made any promises to the other party other than to exclusively negotiate in good faith with the other party during the Exclusive Negotiating Period, and no statements of either the Public Entities or their respective officials, members, staff or agents as to future obligations shall be binding upon the Public Entities until a Disposition and Development Agreement has been approved by the Public Entities, and duly executed by the Mayor of the City and Chairman of the Successor Agency and Authority, respectively.

Section 11. Prohibition Against Assignment of Agreement and Transfer of Site. This Agreement shall not be assigned or transferred by the Developer without the prior written consent of the Public Entities which may not be unreasonably withheld by the Public Entities. The Public Entities shall not voluntarily transfer their respective interests in any portion of the Site during the term of this Agreement to any third party but shall be allowed to transfer to either the City or the Authority their respective interests in the parcels comprising the Site.

Section 12. Notices. Any notice which is required or which may be given hereunder may be delivered or mailed to the party to be notified, as follows:

If to the Developer:
Murphy's Bowl LLC
P.O. Box 1558
Bellevue, WA 98009-1558
Attention: Brandt A. Vaughan

With a copy to:

Murphy’s Bowl
C/o SPI Holdings
88 Kearny Street, Suite 1818
San Francisco, CA 94108
Attention: Dennis J. Wong

With a copy to:

Wilson Meany
Four Embarcadero Center, Suite 3330
San Francisco, CA 94111
Attention: Chris Meany

With a copy to:

Ring Hunter Holland & Schenone, LLP
985 Moraga Road, Suite 210
Lafayette, CA 94549
Attention: Chris Hunter, Esq.

With a copy to:

Helsell Fetterman LLP
1001 Fourth Avenue, Suite 4200
Seattle, WA 98154
Attention: Mark Rising, Esq.

If to the Public Entities:

City of Inglewood/Successor Agency/Authority One Manchester Boulevard, 9th Floor Inglewood, California 90301
Attention: Artie Fields, City Manager/Executive Director Attention: Christopher E. Jackson, Sr., ECDD Manager

With a copy to:

Inglewood City Attorney/Successor Agency and Authority General Counsel
One Manchester Boulevard, 8th Floor
Inglewood, California 90301
Section 13. No Commitment to Approve DDA. Notwithstanding any provision of this Agreement, the Developer acknowledges and agrees that nothing in this Agreement shall obligate the Public Entities to approve a DDA nor the proposed development of the Site or shall otherwise expressly or impliedly obligate the Public Entities to sell and/or lease any property or interests therein. The Developer further acknowledges and agrees that the approval of this Agreement and a DDA and any participation in any portion of the proposed Project by the Public Entities shall be in the sole and absolute discretion of the Public Entities. The Developer further acknowledges and agrees that this Agreement does not confer upon the Developer the right to have a DDA or develop the proposed Project on the Site or any portion thereof absent an approved and executed DDA by the Public Entities. The Public Entities acknowledge and agree that nothing in this Agreement shall obligate the Developer to enter into a DDA, provided, however, that the Developer shall promptly notify the Public Entities if it elects not to proceed with the Project. The Parties in no way intend for this Agreement to waive or restrict the Public Entities’ exercise of its independent, discretionary judgment with regard to a DDA for the development of the proposed Project on the Site, or any City discretionary decisions or determinations relative to land use entitlements required for the proposed Project.

Section 14. Progress Reports. From time-to-time, as requested by City, by prior written notice to the Developer, the Developer shall make oral and written progress reports advising the City on all matters related to the proposed development, including financial feasibility analyses, construction cost estimates, marketing studies, and similar due diligence matters. All third party non-legally privileged work product documents and due diligence material (not including confidential materials and proprietary economic data, but including engineering studies, soils studies, environmental studies and similar work product relating to the Site which is required to be submitted to the City in connection with the Plot Plan Review for the Project) (the “Work Product”), shall be made available to the City, without any representation, warranty or liability to the Developer. In the event of the termination of this Agreement without the execution of a Disposition and Development Agreement by the Public Entities and the Developer (other than in the event of a default by the City), the City shall have the right, in its sole discretion, to take possession of any and all Work Product owned by Developer (subject to any retained rights of the party preparing said Work Product) and use such documents and information contained therein in connection with the development of the Site; provided however, Developer makes no representation or warranty with respect to such documents and information; pursuant to which, Developer shall have no liability to the Public Entities, or any other person or entity in connection with providing such documents, the contents thereof and the Public Entities’ (or any other person’s
Section 15. Disclosure. At the written request of the City, the Developer agrees to disclose to City its partners, principals, officers, stockholders, associates, and of all other material, non-privileged non-proprietary pertinent information concerning the proposed development and the Developer, including the Developer's consultants and the design, financing, and development teams proposed by the Developer and the respective roles and responsibilities of all such parties.

Section 16. Cooperation. Each Party shall cooperate with the other Party and provide such additional information and data relating to the proposed development of the Project on the Site, including financing of the proposed Project, or any necessary information about the development experience of the Developer and any other participants as the City may request from time to time.

Section 17. Brokers. The Public Entities shall not be liable in any manner for any real estate commission or brokerage fees which may arise from the transactions contemplated by this Agreement other than any broker engaged in writing by the Public Entities. The Public Entities and the Developer each represent that it has engaged no broker, agent, or finder in connection with this transaction, and the Developer agrees to indemnify and hold the Public Entities harmless from any claim by any broker, agent, or finder retained by the Developer.

Section 18. Hazardous Materials and Site Conditions.

(a) The Developer shall be solely responsible for all necessary testing of the Site for hazardous materials pursuant to all applicable laws, statutes, rules and regulations. Upon fee and/or leasehold acquisition of each parcel of the Site, as applicable, the Developer shall also be responsible for making each such parcel of the Site usable for the proposed development of the proposed Project on such parcel as a result of any Site conditions including, without limitation, flood zones, Alquist-Priolo Earthquake Fault Zoning Act, and similar matters. For purposes of this Agreement, “hazardous materials” shall mean any substance, material or waste which is or becomes regulated by any local governmental authority, the State of California and/or the United States Government, including, but not limited to asbestos; polychlorinated biphenyls (whether or not highly chlorinated); radon gas; radioactive materials; explosives; chemicals known to cause cancer or reproductive toxicity; hazardous waste, toxic substances or related materials; petroleum and petroleum product, including, but not limited to, gasoline and diesel fuel; those substances defined as a "Hazardous Substance", as defined by Section 9601 of the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. 9601, et seq., or as “Hazardous Waste" as defined by Section 6903 of the Resource Conservation and Recovery Act, 42 U.S.C. 6901, et seq.; an “Extremely Hazardous Waste,” a “Hazardous Waste" or a “Restricted Hazardous Waste,” as defined by The Hazardous Waste Control Law under Section 25115, 25117 or 25122.7 of the California Health and Safety Code, or is listed or identified pursuant to Section 25140 of the California Health and Safety Code; a "Hazardous Material", a "Hazardous Substance," "Hazardous Waste" or "Toxic Air
"Contaminant" as defined by the California Hazardous Substance Account Act, laws pertaining to the underground storage of hazardous substances, hazardous materials release response plans, or the California Clean Air Act under Sections 25316, 25281, 25501, 25501.1 or 39655 of the California Health and Safety Code; “Oil” or a “Hazardous Substance” listed or identified pursuant to 311 of the Federal Water Pollution Control Act, 33 U.S.C. 1321; a “Hazardous Waste,” “Extremely Hazardous Waste” or an “Acutely Hazardous Waste” listed or defined pursuant to Chapter 11 of Title 22 of the California Code of Regulations Sections 66261.1 through 66261.126; chemicals listed by the State of California under Proposition 65 Safe Drinking Water and Toxic Enforcement Act of 1986 as a chemical known by the State to cause cancer or reproductive toxicity pursuant to Section 25249.8 of the California Health and Safety Code; a material which due to its characteristics or interaction with one or more other substances, chemical compounds, or mixtures, materially damages or threatens to materially damage, health, safety, or the environment, or is required by any law or public agency to be remediated, including remediation which such law or government agency requires in order for the Site to be put to the purpose proposed by this Agreement; any material whose presence would require remediation pursuant to the guidelines set forth in the State of California Leaking Underground Fuel Tank Field Manual, whether or not the presence of such material resulted from a leaking underground fuel tank; pesticides regulated under the Federal Insecticide, Fungicide and Rodenticide Act, 7 U.S.C. 136 et seq.; asbestos, PCBs, and other substances regulated under the Toxic Substances Control Act, 15 U.S.C. 2601 et seq.; any radioactive material including, without limitation, any “source material,” “special nuclear material,” “by-product material,” “low-level wastes,” “high-level radioactive waste,” “spent nuclear fuel” or “transuranic waste” and any other radioactive materials or radioactive wastes, however produced, regulated under the Atomic Energy Act, 42 U.S.C. 2011 et seq., the Nuclear Waste Policy Act, 42 U.S.C. 10101 et seq., or pursuant to the California Radiation Control Law, California Health and Safety Code, Sections 25800 et seq.; hazardous substances regulated under the Occupational Safety and Health Act, 29 U.S.C. 651 et seq., or the California Occupational Safety and Health Act, California Labor Code, Sections 6300 et seq.; and/or regulated under the Clean Air Act, 42 U.S.C. 7401 et seq. or pursuant to The California Clean Air Act, Sections 3900 et seq. of the California Health and Safety Code. Any studies and reports generated by the Developer’s testing for hazardous materials shall be made available to the City upon the City’s request. The City will deliver to the Developer all actually known reports within its possession or under its control regarding Hazardous Materials relating to the Site.

(b) Upon the execution by Developer of a right of entry agreement acceptable in form and substance to the Public Entities, and upon Developer’s satisfaction of conditions precedent therein, which agreement and conditions precedent shall include indemnification of the Public Entities, insurance of the Public Entities and the provision of adequate security for the restoration of the Site to substantially its condition prior to any such permitted entry, the Public Entities shall, subject to the rights of any tenant, permit Developer and/or Developer’s representatives to enter the Site at reasonable times for the purpose of soils testing, survey work and other predevelopment activities.

(c) Notwithstanding anything in this Agreement to the contrary, by
entering this Agreement, neither the Public Entities nor the Developer release, waive, discharge or otherwise alter any and all rights to pursue compensation, damages, contribution, indemnification and/or other remedies against any third party, including without limitation, related to Hazardous Materials or the clean-up, remediation or disposal thereof.

Section 19. Indemnity. Developer shall indemnify, defend, and hold the Public Entities, and their respective directors, officers, employees, agents, and successors and assigns (the "Indemnitee" in this Section) harmless against all suits and causes of action, claims, costs, and liability, including, but not limited to, reasonable attorney's fees and costs of any litigation, or arbitration or mediation, if any, brought by third parties (1) challenging the validity, legality or enforceability of this Agreement or (2) seeking damages which may arise directly or indirectly from the negotiation, formation, execution, enforcement or termination of this Agreement, or which are incident to the performance of the activities contemplated in this Agreement. Nothing in this Section shall be construed to mean that Developer shall hold the Indemnitee harmless and/or defend the Indemnitee to the extent of any claims arising from, or alleged to arise from the negligence, or willful misconduct or illegal acts of any of the Indemnitees, or the breach by the Public Entities of any agreement relating to the Site, including but not limited to this Agreement and any DDA, if approved. The Public Entities agree to fully cooperate with Developer in the defense of any matter in which Developer is defending and/or holding the Indemnitee harmless. The Public Entities may make all reasonable decisions with respect to its representation in any legal proceeding, including, but not limited to, the selection of attorney(s). This indemnity obligation shall survive the termination of this Agreement.

Section 20. No Third Party Beneficiaries. The Public Entities and the Developer expressly acknowledge and agree they do not intend, by their execution of this Agreement, to benefit any persons or entities not signatory to this Agreement, including, without limitation, any brokers representing the parties to this transaction. No person or entity not a signatory to this Agreement shall have any rights or causes of action against either the Public Entities or the Developer arising out of or due to the Public Entities' or the Developer’s entry into this Agreement.

Section 21. Offer to Enter Negotiations. This Agreement, when executed by the Developer and delivered to the City, shall be deemed to be an offer by the Developer to enter into negotiations pursuant to the terms of this Agreement and will then be scheduled jointly for approval consideration by the Public Entities. This Agreement must be authorized, executed and delivered by the Public Entities within sixty (60) days after the date of signature by the Developer or the Developer shall have the right to withdraw its offer to enter into this Agreement upon written notice to the Public Entities. The Exclusive Negotiating Period shall commence and this Agreement shall not be effective until the Effective Date, which is the first calendar day of the month following the date this Agreement has been executed by both of the Parties, which date shall be entered on the first paragraph of this Agreement by the Public Entities after approval of this Agreement. However, notwithstanding the foregoing, the Non-Refundable Deposit shall be due and payable within twenty-four (24) hours following approval of this Agreement by the City as set forth in Section 5, above.
Section 22. Public Entities Rights. The Developer understands and agrees that in the event of the termination or expiration of this Agreement without the execution of a Disposition and Development Agreement, the Public Entities shall have the right, in their respective discretion, to commence exclusive negotiations with any other third party developer selected for the development of the parcels comprising the Site, without the need for any consultation or approval by the Developer. The Developer acknowledges and agrees that it will not receive any property interest in the Site of any kind as a result of entering into this Agreement.

In the event the Developer executes a Disposition and Development Agreement consistent with the provisions of this Agreement prior to the termination or expiration of the Exclusive Negotiating Period, then within sixty (60) days of the delivery to City of such Disposition and Development Agreement, the Public Entities shall consider whether to approve or disapprove such Disposition and Development Agreement. If the Public Entities' approval does not occur within such 60 day period, the Developer shall have the right to withdraw its offer to enter into such Disposition and Development Agreement upon written notice to the Public Entities.

Section 23. Counterparts. This Agreement may be executed in counterparts, each of which when so executed shall be deemed an original, and all of which, together, shall constitute one and the same instrument.

Section 24. Attorney's Fees. In the event that either party hereto brings action or proceeding against the other party to enforce or interpret any of the conditions or provisions of this Agreement, the prevailing party shall be entitled to recover all reasonable attorney's fees and expenses and court costs associated with such action or proceeding.

Section 25. Effect of Agreement. Notwithstanding any other provision of this Agreement, the Parties expressly acknowledge and agree as follows:

(a) None of the matters described in this Agreement as a purported commitment or obligation of the Parties to be contained in a proposed Disposition and Development Agreement shall have any effect unless and only to the extent such matters are expressly set forth in a Disposition and Development Agreement or other written agreement duly authorized, approved and executed by the Parties. Notwithstanding any provision of this Agreement to the contrary, Developer acknowledges and expressly agrees as follows: (i) that this Agreement does not obligate the Public Entities in any way to approve, in whole or in part, any of the matters described in this Agreement, including, without limitation, matters pertaining to land use entitlements or approvals, permits, waivers or reduction of fees, development or any other matters (the “Entitlements”) to be acted on independently by the City; (ii) that all such required Entitlements shall be considered and processed by the City in accordance with all applicable City requirements and procedures; and (iii) that the City reserves all rights to approve, disapprove or approve with conditions all such Entitlements in its sole and absolute discretion.

(b) Upon the execution of a Disposition and Development Agreement by the Parties, this Agreement shall be null and void and of no effect and shall be superseded by
the terms and conditions of the Disposition and Development Agreement.

(c) The Parties shall promptly commence the good faith negotiation of a Disposition and Development Agreement following the execution of this Agreement by the Parties. Each Party acknowledges and agrees that, for the purposes of this Agreement, a Party shall be deemed to be acting in good faith so long as it makes reasonable efforts to attend scheduled meetings, directs its consultants to cooperate with the other Parties, provides information necessary for the negotiations to the other Parties, participates in negotiations, and uses commercially reasonable efforts to promptly review and return with comments all correspondence, reports, documents, or agreements received from another Party that require such comments. Upon termination of this Agreement for any reason, without limiting the provisions of Section 8(c), the obligation of the Parties to negotiate in good faith shall terminate.

IN WITNESS WHEREOF, the City, Successor Agency, Authority and Developer have executed this Agreement in the City of Inglewood, Los Angeles County, California, on the date hereinabove first set out.

CITY:
CITY OF INGLEWOOD,
a municipal corporation

By: [Signature]
James T. Butts, Jr.
Mayor

SUCCESSOR AGENCY:
CITY OF INGLEWOOD AS SUCCESSOR AGENCY TO INGLEWOOD REDEVELOPMENT AGENCY, a public body, corporate and politic

By: [Signature]
James T. Butts, Jr.
Chairman

AUTHORITY:
INGLEWOOD PARKING AUTHORITY, a public body, corporate and politic

By: [Signature]
James T. Butts, Jr.
Chairman
DEVELOPER:  
Murphy's Bowl LLC,  
a Delaware limited liability company

By: [Signature]
   Its Manager

APPROVED AS TO FORM AND LEGALITY:  
KENNETH R. CAMPOS  
City Attorney/Successor Agency and  
Authority General Counsel

By: [Signature]  
Kenneth R. Campos, Esq.

APPROVED:  
KANE, BALLMER & BERKMAN  
City/Successor Agency  
and Authority Special  
Counsel

By: [Signature]  
Royce K. Jones, Esq.

ATTEST:  
YVONNE HORTON  
City Clerk/Successor Agency and Authority  
Secretary

By: [Signature]  
Yvonne Horton
EXHIBIT A

Site Map

[To be Added]
DATE:       June 15, 2017

TO:         Mayor and Council Members
            Chairman and Successor Agency Members
            Chairman and Parking Authority Members

FROM:       Economic and Community Development Department

SUBJECT:    Exclusive Negotiating Agreement with Murphy’s Bowl LLC, a Delaware
            Limited Liability Company

RECOMMENDATION:
It is recommended that the Mayor/Chairman and Council/Agency/Authority Members approve
an Exclusive Negotiating Agreement (ENA) by and among the City, the City of Inglewood as
Successor Agency to the Inglewood Redevelopment Agency (Successor Agency), the Inglewood
Parking Authority (Authority) and Murphy’s Bowl LLC, a Delaware Limited Liability Company
(Developer).

BACKGROUND:
Recently, the City was approached by the Developer requesting that negotiations take place
regarding the proposed purchase of various parcels of real properties located within the City of
Inglewood to facilitate the development of a premier and state-of-the-art National Basketball
Association (“NBA”) professional basketball arena consisting of approximately 18,000 to 20,000
seats.

The subject matter of the ENA are those certain parcels of real properties located in the City of
Inglewood bounded by Century Boulevard on the north, Prairie Avenue on the west, Yukon
Avenue on the east, and 104th Street on the south, and two parcels located to the west of Prairie
Avenue identified as the 2.76 acre and 3.12 acre sites. Once established by the parties to the
ENA, the parcels comprising the site will be specifically identified and will consist primarily of
all or some of the following parcels: 1) Those certain parcels of real property currently owned by
the City referred to and identified as the “City Parcels” and designated as such on the Site Map
(Exhibit A); 2) Those certain parcels of real property currently owned by the Successor Agency
referred to and identified as the “Agency Parcels” and designated as such on the Site Map
(Exhibit A); and 3) Those certain parcels of real property currently owned by third parties
referred to and identified as the “Potential Participating Parcels” and designated as such on the
Site Map (Exhibit A); pursuant to which, the City and/or the Authority may consider acquiring
in accordance with applicable law and the ENA.

DISCUSSION:
The ENA provides for a negotiation period of 36-months that will commence on the Effective
Date of the ENA. During this time period, the Developer is required to: 1) Enter into a funding
agreement for any required Environmental Review subject to the California Environmental
Quality Act (CEQA); and 2) Meet certain information and documentation submittal time frames to the City, Successor Agency and the Authority (collectively, the “Public Entities”) for review and/or approval, as appropriate.

The Developer is also required to deliver a $1,500,000 Non-Refundable Deposit that may be used to pay certain administrative costs and any other related expenses incurred by the Public Entities.

FINANCIAL/FUNDING ISSUES AND SOURCES:
Upon receipt of the $1,500,000 Non-Refundable Deposit, funds will be deposited with the City to support all work required of the staff and consultants of the Public Entities pursuant to their respective duties set forth in the ENA.

LEGAL REVIEW VERIFICATION: 
Administrative staff has verified that this report, in its entirety, has been submitted to, reviewed and approved by the Office of the City Attorney.

FINANCE REVIEW VERIFICATION:
Administrative staff has verified that this report, in its entirety, has been submitted to, reviewed and approved by the Finance Department.

DESCRIPTION OF ANY ATTACHMENTS:
Attachment 1: Exclusive Negotiating Agreement
APPROVAL VERIFICATION SHEET

PREPARED BY:
Christopher E. Jackson, Sr., Senior ECD Department Manager

COUNCIL PRESENTER:
Christopher E. Jackson, Sr., Senior ECD Department Manager

DEPARTMENT HEAD APPROVAL:
Christopher E. Jackson, Sr., Senior Department Manager

CITY MANAGER APPROVAL:
Artie Fields, City Manager
Los Angeles Clippers – City of Inglewood
Exclusive Negotiating Agreement
Frequently Asked Questions

What happened today?
On June 15, 2017, following approval by the Inglewood City Council, the Los Angeles Clippers entered into an Exclusive Negotiating Agreement (ENA) process with the City of Inglewood to pursue the development of a state-of-the-art NBA arena that may become the permanent home of the Los Angeles Clippers.

What does the ENA do?
The ENA establishes a three-year timeframe during which the Los Angeles Clippers will develop the details of its proposed basketball facility. The City of Inglewood will evaluate the impacts of the construction and operation of that proposed facility.

Where is the proposed project located?
The project is located on approximately 20 acres of land south of Century Boulevard at Prairie Avenue. During the environmental review and planning process, the Los Angeles Clippers and the City of Inglewood will determine which portion of the land is the best site for the Clippers new home. Any surplus land will be released from the ENA and be available for other uses by the City of Inglewood.

Is anything besides an arena contemplated for the Inglewood facility?
The site will likely include a state-of-the-art NBA arena, a training facility and team office space.

How much will the Clippers new basketball arena cost?
The Los Angeles Clippers and the City of Inglewood have just entered the three-year ENA period. A cost estimate is premature at this time.

How would the Los Angeles Clippers’ pay for the arena?
The new arena would be 100 percent privately funded and privately capitalized. No public dollars will be used for this project.

Why are the Clippers making this decision now?
Today’s announcement simply gives the team options for the future. The Los Angeles Clippers current lease with Anschutz Entertainment Group (AEG) at STAPLES Center expires in 2024,
seven years from now. Putting a new project site together, conducting environmental review, obtaining permits and constructing a new arena takes time — approximately six to seven years.

What is the process now that the Inglewood City Council has passed the ENA?
The ENA establishes a timeline and framework for the development, analysis and entitlement of the planned basketball facility. The Los Angeles Clippers will propose the specific site boundary, program and building forms of the proposed development. The City of Inglewood will then analyze the various impacts that the proposed development might have on the community, including both environmental review and fiscal impact.

Will the Clippers go to the ballot box, like Stan Kroenke did for his football stadium, or will they utilize the California Environmental Quality Act (CEQA) process to review the project? The Los Angeles Clippers plan to engage in the City’s environmental review process. We estimate that this CEQA review will take approximately two years. It is an open, public and transparent process.

Does the City of Inglewood own the land required for the arena?
Upon project approval, the Los Angeles Clippers will purchase, from the City and related municipal entities, the site proposed for the development. As required by law, the land’s purchase price will be the fair market value for the land as appraised based on its current zoning.

Are there other parcels that the City of Inglewood does not own?
While City-controlled land constitutes most of the development site, some privately controlled parcels may be added into the final development. Any privately controlled parcels will be purchased at fair market value based on current zoning (i.e., the fair market value of the land with its current zoning and not on its value as a site for a basketball facility).

Who is responsible for paying the costs associated with the City of Inglewood’s review?
The Los Angeles Clippers will pay all the costs to plan, entitle and develop the proposed facility. Upon signing the ENA, the Los Angeles Clippers paid the City of Inglewood $1.5 million, which will fund the City’s administrative costs. If additional funding is required, the Clippers will provide the necessary resources.

How will Inglewood residents and business owners benefit from the basketball arena?
The Los Angeles Clippers are committed to working with Inglewood residents and businesses to develop a premier basketball facility that will create a tremendous sense of pride, an economic engine and a source of employment opportunities in Inglewood and the greater Los Angeles community.

Can Inglewood accommodate another major sports and entertainment venue?
If a decision is made to build a new, state-of-the-art NBA arena, the Los Angeles Clippers would be honored to join Madison Square Gardens and The Kroenke Group in Inglewood, where one of the most dynamic sports and entertainment districts in the United States is taking shape.

What about AEG and the Clippers current home, STAPLES Center?
As Steve Ballmer indicated when he purchased the team, he said that he is happy to be playing in Los Angeles but when the Los Angeles Clippers current lease expires at STAPLES Center in seven years, the Clippers will have options.

Why would the Clippers want to leave downtown Los Angeles when it is booming?
For the next seven years, STAPLES Center is the Los Angeles Clippers’ home. Today’s announcement does not indicate that the Los Angeles Clippers are leaving STAPLES Center. Rather, today’s announcement is about keeping the team’s options open. STAPLES Center is a great building, but if you look around the NBA, there are newer and greater buildings that are optimized for basketball.

The Los Angeles Clippers are involved in Los Angeles civic, cultural and philanthropic life. Will that change with a move to Inglewood?
The Los Angeles Clippers are honored to be a part of the greater Los Angeles community on multiple levels. We are and will continue to be involved in the greater Los Angeles area. It’s a team and an ownership priority.

When do the Clippers expect to finalize a decision whether to stay at STAPLES Center or move elsewhere?
The Los Angeles Clippers have seven years remaining on the team’s current lease at STAPLES Center. No set date exists to finalize this decision.

Would the Clippers new arena host any other sports and entertainment besides the Clippers NBA games?
The Los Angeles Clippers have no plans at this time. We are exploring the possibility of building a state-of-the-art NBA basketball arena.