

APPROVED

Jan 15 2026

BOARD OF RECREATION
AND PARK COMMISSIONERS

BOARD REPORT

NO. 26-017

DATE January 15, 2026

C.D. _____

BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: PALISADES RECREATION CENTER – APPROVAL OF (i) PROPOSED DONATION FROM PPRC DEVELOPMENT PROJECT, LLC CONSISTING OF A NEW GYMNASIUM AND OTHER IMPROVEMENTS TO THE FACILITY DAMAGED BY THE 2025 PALISADES FIRE; (ii) TERM SHEET FOR THE PROPOSED DONATION; AND (iii) CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) INDEMNIFICATION AGREEMENT – STATUTORY EXEMPTION FROM CEQA PURSUANT TO CALIFORNIA PUBLIC RESOURCES CODE SECTION 21080(b)(3) [PROJECTS UNDERTAKEN, CARRIED OUT, OR APPROVED BY A PUBLIC AGENCY TO MAINTAIN, REPAIR, RESTORE, DEMOLISH, OR REPLACE PROPERTY OR FACILITIES DAMAGED OR DESTROYED AS A RESULT OF A DISASTER IN A DISASTER-STRICKEN AREA IN WHICH A STATE OF EMERGENCY HAS BEEN PROCLAIMED BY THE GOVERNOR PURSUANT TO CHAPTER 7 (COMMENCING WITH SECTION 8550) OF DIVISION 1 OF TITLE 2 OF THE GOVERNMENT CODE] AND SECTION 15269(a) [PROJECTS TO MAINTAIN, REPAIR, RESTORE, DEMOLISH, OR REPLACE PROPERTY OR FACILITIES DAMAGED OR DESTROYED AS A RESULT OF A DISASTER IN A DISASTER STRICKEN AREA IN WHICH A STATE OF EMERGENCY HAS BEEN PROCLAIMED BY THE GOVERNOR PURSUANT TO THE CALIFORNIA EMERGENCY SERVICES ACT, COMMENCING WITH SECTION 8550 OF THE GOVERNMENT CODE] OF THE CEQA GUIDELINES

B. Aguirre BA * M. Rudnick _____
C. Stoneham _____ C. Santo Domingo _____
B. Jones _____ N. Williams _____



General Manager

Approved X Disapproved _____ Withdrawn _____

RECOMMENDATIONS

1. Approve the donation from PPRC Development Project, LLC (Donor) of a new gymnasium and other improvements (Project) at Palisades Recreation Center (Park) damaged by the 2025 Palisades Fire, valued at approximately \$40,000,000.00, substantially in accordance with the plans attached hereto as Attachment A;
2. Approve the term sheet specifying the terms and conditions for the proposed Project (Term Sheet), in substantially the form attached hereto as Attachment B, and direct RAP's General Manager or designee to prepare a formal agreement (Definitive Agreement) with the Donor based on the Term Sheet, subject to the City Attorney's approval of the Definitive Agreement as to form;

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3. Determine that the proposed Project is statutorily exempt from the California Environmental Quality Act (CEQA) pursuant to Chapter 2.6 of the California Public Resources Code Section 21080(b)(3) [Projects undertaken, carried out, or approved by a public agency to maintain, repair, restore, demolish, or replace property or facilities damaged or destroyed as a result of a disaster in a disaster-stricken area in which a state of emergency has been proclaimed by the Governor pursuant to Chapter 7 (commencing with Section 8550) of Division 1 of Title 2 of the Government Code] and Section 15269(a) [Projects to maintain, repair, restore, demolish, or replace property or facilities damaged or destroyed as a result of a disaster in a disaster stricken area in which a state of emergency has been proclaimed by the Governor pursuant to the California Emergency Services Act, commencing with Section 8550 of the Government Code] of the CEQA Guidelines, and direct staff to file a Notice of Exemption (NOE) with the California Office of Land Use and Climate Innovation and the Los Angeles County Clerk;
4. Authorize RAP's Chief Accounting Employee to prepare a check to the Los Angeles County Clerk in the amount of \$75.00 for the purpose of filing an NOE;
5. Approve the indemnification agreement (Indemnification Agreement) with the Donor indemnifying the City of Los Angeles for any legal fees and costs arising from third-party challenges to the Project's CEQA determination, in substantially the form attached hereto as Attachment C, subject to approval of the City Attorney as to form;
6. Direct the Board of Recreation and Park Commissioners (Board) Secretary to transmit the Indemnification Agreement and Definitive Agreement to the City Attorney for approval as to form;
7. Authorize RAP's General Manager or designee to execute the Indemnification Agreement and Definitive Agreement upon receipt of the necessary approvals;
8. Authorize RAP's General Manager or designee to execute any necessary Right of Entry Permits for the proposed Project; and
9. Authorize RAP staff to make technical corrections in order to carry out the intent of the Board in approving this Report.

SUMMARY

The Palisades Recreation Center (Park) is located at 851 Alma Real Drive in the community of the Pacific Palisades. The 17-acre Park serves as a vital community resource and gathering space, and consisted of recreational amenities including two recreation center buildings, baseball fields, 2 outdoor basketball courts, tennis and pickleball courts, a tennis pro shop, a children's playground, Veterans Gardens and bocce courts, open space and picnic areas, a maintenance building and public parking. The Park is located just north of, and is connected to, George Wolfberg Park at Potrero Canyon.

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The January 2025 Palisades Fire significantly impacted the Park, including severely damaging one of the gymnasium buildings and damaging many of these other park amenities. Following the wildfire emergency, the Park was utilized by the Los Angeles Department of Water and Power for utility infrastructure-related recovery efforts. In July 2025, the U.S. Army Corps of Engineers completed the demolition and debris removal process of the damaged structures, most notably the removal of all debris from the aforementioned gymnasium, tennis pro shop building, and maintenance building.

Some amenities have been renovated and/or improved, and then reopened to the public, including the playground and outdoor basketball courts. The remaining gymnasium has also been utilized for community programming such as basketball practice and games.

Soon after the Palisades Fire, the City was approached by Los Angeles Lakers Coach JJ Redick and his non-profit organization LA Strong Sports in partnership with the wildfires recovery organization Steadfast LA, regarding the rebuilding of the Park. Since that time, the Department of Recreation and Parks (RAP) has worked closely with the Office of the Mayor and representatives of these organizations to craft the terms and framework for a donation agreement, under which a new gymnasium building and other park improvements at the Park would be privately funded, constructed and donated to the City for the benefit of the Palisades community.

This Report recommends that the Board approve the proposed donation and the Term Sheet between RAP and the PPRC Development Project, LLC (Donor), which is described in more detail below.

PROPOSED PALISADES RECREATION CENTER REBUILD PROJECT

The Palisades Fire severely damaged the gymnasium built in 2000 (known as the “new gym”), and destroyed a small building in the maintenance yard and the tennis pro shop. It also damaged perimeter fencing, corresponding landscaping and irreparably damaged 22 trees. The fire partially damaged the roof of the older gym (known as the “small gym”) and caused damage to the playground and the Veterans Garden (which includes the bocce courts). The tennis courts and the outdoor basketball courts suffered minimal damage as well.

The Project contemplates improvements to a portion of the total area of the Recreation Center and excludes the baseball fields and the tennis courts. The Project will demolish the smaller recreation center and replace the two recreation centers (which had a total footprint of approximately 18,000 square feet) with an expanded structure featuring two indoor basketball courts with bleachers, two indoor pickleball courts, a lobby, a multipurpose room, office space, storage rooms and restrooms; the total footprint of this expanded facility is expected to be roughly 28,000 square feet. The Project will also replace the tennis pro shop with the same general footprint.

The Project includes the relocation and enhancement of other features of the Park affected by the fire and the installation of new amenities. The playground and two outdoor basketball courts will be relocated and rebuilt. New amenities include an outdoor community meeting area, new shaded outdoor community pods, a new multipurpose field and terraced seating west of the tennis courts and north of the baseball fields.

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The proposed Project will regrade the lawns east and west of the access road and upgrade the internal pathway network, installing security and safety lighting. The access road and the parking spaces will be repaired and updated.

TERM SHEET SUMMARY

The Donor has sought the guidance of various City departments over many months for the design and implementation of the Project. Many hours of investigation, due diligence, communication, and thoughtfulness resulted in the proposed Term Sheet. The Term Sheet outlines the principal terms and conditions under which the Donor will agree to design, fund, reconstruct, and landscape the Park. This Term Sheet, which is included herein as Attachment B, is non-binding and provides the framework for a formal agreement to be drafted for execution. Highlights of the key terms include:

- The Donor will fund the entirety of design, permitting, construction, and landscaping for the Project
- The Donor will engage in fundraising activities as reasonably necessary to fund the Project
- The Donor will coordinate with the City to conduct additional community outreach and engagement to gather public input on the design of the Project
- The Donor will coordinate in good faith with the existing agreement holders operating within the Park
- The City will designate RAP staff to participate in design development with the Donor and provide input into the design development process for the Project to the Donor in a timely manner
- The Donor and RAP will coordinate press releases and public announcements concerning the Project
- The Donor and RAP will coordinate a donor recognition program and materials on an expedited basis in accordance with City policies
- The Donor shall not commence construction of the Project until the Donor has secured, in City's reasonable judgment, cash, binding pledges, or other committed funding in an amount at least equal to 50% of (i) the budget for overall construction of the Project (based upon the final Project design) and (ii) the cost to otherwise satisfy all of the Donor's obligations under the Definitive Agreement
- The Donor and RAP will pursue environmental site assessment(s) and remediation, if necessary, pursuant to Attachment B of the Term Sheet

With the Board's approval of the Term Sheet, RAP staff and the Office of the City Attorney will continue working with the Donor's representatives to prepare and execute the Definitive Agreement. With the Definitive Agreement and an accepted final design, the Project construction may commence.

PROJECT FUNDING

The Donor continues to successfully fundraise through various fund development initiatives. The significance of the Park to the community continues to motivate significant support. Should there be any future challenges with fundraising, the Term Sheet outlines the circumstances by which

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either the City or the Donor may terminate the Definitive Agreement, with no further obligations or liabilities.

It should be noted that areas affected by the Palisades wildfire were declared a Presidential Disaster. In part, this enables emergency funding for rebuilding efforts in which the City is eligible to apply for Federal Emergency Management Agency (FEMA) reimbursement for like-for-like replacement projects. The City has already taken steps to pursue FEMA reimbursement eligibility for the Park elements damaged or destroyed by the fire. However, if the Project is privately funded, designed and constructed as proposed, the Project's elements would be ineligible to receive FEMA funding reimbursement and the City would withdraw the Project's elements from the FEMA reimbursement consideration process.

COMMUNITY OUTREACH

A large community meeting with public testimony was held on October 7, 2025, at the Park with the Mayor's Office, Council District 11 staff, RAP, and the Donor. About 300 people attended, addressing topics of concern such as access to the gym, the need for gathering and open spaces, and programming priorities.

Designers from SWA Group and Gensler have worked closely with the City and have met with key community members and groups to develop the plans for the proposed Project. Early design plans were created through in-depth collaboration with key local groups, including the Pali Community Center Committee, the LA Parks Foundation, PaliStrong, Pali 4 Pali, Veterans Gardens stakeholders, Pacific Palisades Baseball Association, and the Park Advisory Board.

Community input in coordination with the above groups and other key stakeholders will continue to be solicited by the Donor with support from RAP in the weeks ahead to refine the initial plans to final; RAP staff will then review and confirm in writing the final Project design with the Donor.

NEXT STEPS

RAP has initiated additional environmental site analysis and RAP and/or the Donor will address any necessary environmental factors. The Donor with RAP's support is committed to continuing community outreach regarding the final design, so that it reflects an updated facility that meets the needs and expectations of the community. Site preparation and construction work is projected to commence in the first quarter of 2026, subject to environmental due diligence and permitting. Construction is anticipated to last approximately 12 months.

TREES AND SHADE

A tree assessment conducted by RAP found that 22 trees within the facility were destroyed during the Palisades Fire. Another 76 trees have minor issues and will be monitored regularly, while 49 trees were not affected and appear in very good condition. The Project includes approximately 350 new trees, although the number of trees that will be removed has not yet been determined; any tree removal and replacement, as well as any construction around trees, shall comply with RAP's Urban Forest Manual approved by RAP's Board on February 06, 2025 (Board Report No. 25-005) and related guidance provided by RAP's Forestry Division.

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ENVIRONMENTAL IMPACT

The Project involves the replacement, restoration and enhancement of certain Palisades Recreation Center features affected by the January 2025 Palisades Fire.

Section 21080(b)(3) of the California Public Resources Code provides that the California Environmental Quality Act (CEQA) does not apply to “Projects undertaken, carried out, or approved by a public agency to maintain, repair, restore, demolish, or replace property or facilities damaged or destroyed as a result of a disaster in a disaster-stricken area in which a state of emergency has been proclaimed by the Governor pursuant to Chapter 7 (commencing with Section 8550) of Division 1 of Title 2 of the Government Code”.

Section 15269(a) of the State CEQA Guidelines (Title XIV, Division 6, Chapter 3 of the California Code of Regulations) specifies that the statutory exemption includes projects that will remove, destroy, or significantly alter an historical resource when that resource represents an imminent threat to the public of bodily harm or of damage to adjacent property.

On January 7, 2025, the Governor of California declared a state of emergency in Los Angeles and Ventura Counties due to the Palisades Fire and windstorm conditions, pursuant to Section 8625 of the California Government Code.

As the proposed Project replaces elements of the Park destroyed by the fire and enhances less affected elements, and none of the structures involved in the Project are an historic resource, RAP staff recommend that the Board determine that the proposed Project is statutorily exempt from the provisions of CEQA pursuant to Public Resources Code Section 21080(b)(3) and Section 15269(a) of the CEQA Guidelines. Staff will file a Notice of Exemption with the Los Angeles County Clerk and the Governor's Office of Land Use and Climate Innovation upon Board's approval.

RAP and the Donor have prepared an Indemnification Agreement to indemnify the City of Los Angeles for any legal fees and costs arising from third-party challenges to the Project's CEQA determination; this agreement is included herein as Attachment C.

FISCAL IMPACT

There is no anticipated fiscal impact to the RAP General Fund as, absent unforeseen circumstances, all costs associated with the Project will be funded entirely by the Donor at no cost to RAP.

This Report was prepared by Mariana Valdivia, Chief Management Analyst, Partnership Division and reviewed by Matthew Rudnick, RAP Executive Officer.

LIST OF ATTACHMENTS/EXHIBITS

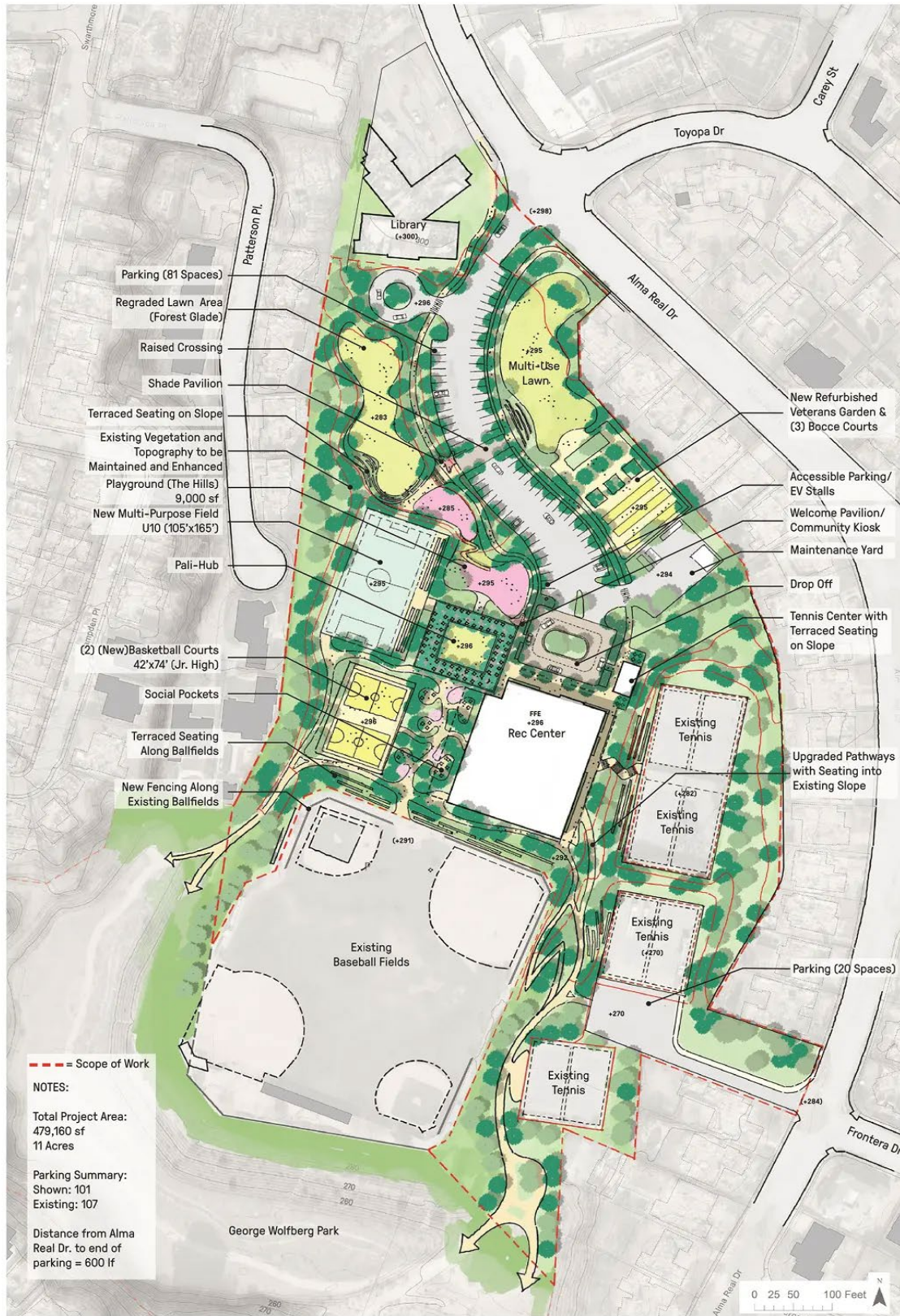
- 1) Attachment A – Proposed Project Plan

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- 2) Attachment B – Project Term Sheet
- 3) Attachment C – CEQA Indemnification Agreement

ATTACHMENT A



ATTACHMENT A



Palisades Recreation Center

Gensler

Floor Plan - Multi Court - 2 Full Courts

©2025 Gensler

**Donation of a New Recreation Center and Other Ancillary Park
Improvements at Palisades Recreation Center**

Term Sheet

Between:

City of Los Angeles – Department of Recreation and Parks (“City” or “RAP”)

And:

PPRC Development Project, LLC (“Donor”) (individually “Party” and collectively “Parties”)

Term Sheet Purpose

To outline the principal terms under which the Donor will agree to design, fund, permit, reconstruct and landscape Palisades Recreation Center as described on Attachment A-1 and depicted on Attachment A-2, including construction of a replacement recreation center as depicted on Attachment A-3 (the “Rec Center Building”) (collectively, the “Project”), and to donate the completed Project to City for public recreational use. This term sheet is non-binding and does not impose any obligation on either Party, as described further in Section 11, below. Upon the Parties’ agreement to the principal terms included herein, a formal agreement (the “Definitive Agreement”) will be drafted for review and execution.

1) Project Description

- A. **Facility Name:** Palisades Recreation Center
 - B. **Project Site:** Palisades Recreation Center located at 851 Alma Real Dr, Pacific Palisades, CA 90272
 - C. **Preliminary Project Description:** See Attachment A (Project Description and Design)
-

2) Donor Responsibilities

- A. Project Design, and Construction.

- i. Fund the design, permitting, construction and landscaping for the Project (together with certain furnishings, fixtures, equipment to be agreed upon by the Parties), provided that Donor shall not be obligated to incur costs arising from changes to the Project that are directed by City (unless expressly agreed to in writing by Donor) after confirmation of the Final Project Design in accordance with Section 4(A) below or that otherwise arise from City's unexcused failure to perform its obligations pursuant to the Definitive Agreement.
 - ii. Retain a project manager and contract with architects, engineers, contractors and other consultants as necessary to design and construct the Project.
 - iii. Coordinate with City to ensure the design of the Project and construction conforms with generally applicable City requirements.
- B. Environmental Matters. Perform its obligations identified in Attachment B (Environmental Matters).
- C. CEQA. Defend and indemnify City from and against third party claims challenging the CEQA clearance for the Project in accordance with a separate CEQA defense/indemnity agreement to be executed prior to the RAP Board's approval of this Term Sheet.
- D. Permitting. Subject to City's compliance with Section 3(D) below, obtain all permits and approvals required for the construction of the Project, including any permits and approvals required to conduct remediation in accordance with the Remediation Plan, if any, established pursuant to Attachment B (Environmental Matters).
- E. Fundraising and Donor Recognition. Engage in fundraising activities as reasonably necessary in Donor's reasonable judgment to secure third-party funding for the Project, including by proposing and working in good faith to agree with City on donor recognition materials as contemplated by Section 3(E) below.
- F. Community Outreach. Coordinate with City to conduct additional community outreach and engagement to gather public input on design of the Project and to manage other matters that may arise in connection with community outreach.
- G. Existing Users. Coordinate in good faith with existing parties to currently effective right-of-entry, permit, license or other written agreements with City to use the Palisades Recreation Center or any portion thereof (collectively, "Existing Users") identified to Donor by City to minimize (to the extent reasonably practicable in light of the nature of the Project) the Project's disruption of or burdens on the activities, rights, and obligations of such Existing Users under their respective agreement, permit, right-of-entry, or

license, including but not limited to the Los Angeles Clippers Foundation, Inc.'s "name and recognition" rights under Section 9 of Contract No. 3624, as approved by the RAP Board on April 4, 2018.

- H. Access. Coordinate with City on issues relating to public access to Palisades Recreation Center to the extent areas of Palisades Recreation Center are not impacted by construction of the Project.
 - I. Utilities.
 - i. Coordinate with City in good faith to determine whether the installation of any additional utilities will be necessary in order to construct and/or operate the Project.
 - ii. Connect the Project to utilities provided by City or applicable utility providers.
 - J. Publicity. Coordinate with City with respect to press releases and public announcements concerning the Project.
-

3) City Responsibilities

- A. Project Design and Construction.
 - i. Designate a lead City representative to coordinate implementation of the Project with Donor.
 - ii. Designate RAP staff to participate in design development with Donor and provide input into the design development process for the Project to Donor in a timely manner, taking into consideration the schedule for completion of the Project.
 - iii. Review and approve plans and specifications in a timely manner as reasonably requested by Donor, taking into consideration the schedule for completion of the Project.
 - iv. Accept the completed Project upon completion of construction of the Project and final inspection and approval by City.
- B. Environmental Matters. Perform its obligations identified in Attachment B (Environmental Matters).
- C. CEQA. Confirm City's determination that the Project is statutorily exempt from CEQA and that the Project Description set forth on Attachment A-1 provided is adequate for the purposes of CEQA.

D. Permitting.

- i. Confirm that Attachment C (Approvals) constitutes a checklist of City approvals and permits typically required for the construction and completion of a project of similar size and scale.
- ii. Confirm that there are no Planning Department approvals required for the Project.
- iii. Facilitate expeditious implementation and approval of the Project, including by using diligent efforts to cause all applicable City departments and commissions (including, without limitation, the Cultural Affairs Commission) to expedite permits/approvals based on the Final Project Design as described in Section 4(A) below; the permits/approvals referenced shall include any permits and approvals required for Donor to conduct remediation in accordance with the Remediation Plan, if any, established pursuant to Attachment B (Environmental Matters).

E. Fundraising and Donor Recognition. Coordinate with Donor in good faith to facilitate RAP Board approval of donor recognition program and materials proposed by Donor (including any one-off naming opportunities), in accordance with City policies on an expedited basis in order to facilitate Donor's fundraising process.

F. Community Outreach. Coordinate with Donor to support Donor's community outreach and engagement to gather public input on design of the Project and to manage other matters that may arise in connection with community outreach.

G. Existing Users. Represent and warrant to Donor that the Project will not violate any City contract with an Existing User with respect to Palisades Recreation Center, or any portion thereof, provided that Donor honors the commitment made by City with respect to the Los Angeles Clippers Foundation, Inc.'s "name and recognition" rights under Section 9 of Contract No. 3624, as approved by the RAP Board on April 4, 2018.

H. Access. Provide site access to Palisades Recreation Center to Donor as necessary for performance of Donor's obligations and completion of the Project in accordance with terms and conditions to be further specified in the Definitive Agreement.

- I. Utilities.
 - i. Coordinate in good faith with Donor to determine in good faith whether the installation of any additional utilities will be necessary in order to construct and/or operate the Project.
 - ii. Use commercially reasonable efforts to cause utility providers to furnish the utilities required to construct and operate the Project.
 - J. Publicity. Coordinate with Donor with respect to press releases and public announcements concerning the Project.
 - K. FEMA. Timely notify Donor of any material updates regarding the status of City's FEMA reimbursement process. City shall take all steps necessary to maintain the Project's eligibility for FEMA reimbursement until the Threshold Date.
-

4) Construction Commencement Date

- A. Preliminary Matters. The Parties will use commercially reasonable efforts to carry out their respective obligations set forth above regarding project design, CEQA, permitting, environmental matters, coordination with Existing Users, community outreach, utilities, fundraising and donor recognition in order to arrive at a final project design (the "Final Project Design") as soon as reasonably practicable, in accordance with a process to be set forth in greater detail in the Definitive Agreement.
- B. Commencement of Construction. Subject to the Parties' respective termination rights in Section 4(D) below, and subject to the satisfaction of the requirement in Section 4(C) below, Donor will commence construction of the Project following the Parties' written agreement on the Final Project Design, with commencement of construction occurring on a timeframe to be determined in accordance with a process to be established in the Definitive Agreement. Construction will be carried out in accordance with scheduling provisions, excuses from performance, change order procedures, and other matters related to implementation that will be set forth in the Definitive Agreement.
- C. Fundraising Threshold. Donor shall not commence construction of the Project until Donor has secured, in City's reasonable judgment, cash, binding pledges, or other committed funding in an amount at least equal to 50% (i) the budget for overall construction of the Project (based upon the Final Project Design) and (ii) the cost to otherwise satisfy all of Donor's obligations under the Definitive Agreement.

- D. Termination. Either Party may terminate the Definitive Agreement, with no further obligations or liabilities, at any time prior to the Threshold Date by providing written notice of termination to the other Party.

For purposes of this Term Sheet, “Threshold Date” means, (x) May 1, 2026 provided that (i) City timely issues a CEQA determination that the Project is statutorily exempt, and (ii) City provides Donor with the Phase II ESA, as defined in Attachment B, by March 1, 2026 (collectively, the “Threshold Conditions”); or (y) if one or more of the Threshold Conditions is not satisfied, the date on which physical construction of the Project commences.

5) Operations and Maintenance

In parallel with negotiation of the Definitive Agreement, Donor and RAP shall coordinate in good faith to implement an appropriate arrangement consistent with applicable RAP practices governing the terms and conditions of operations and maintenance of the Project following its completion.

6) General Timeline¹

- A. Continued Design Period & Community Input: [January 2026]
- B. Baseline Environmental Assessment and Remediation Plan: [January - April 2026]²
- C. Construction Commencement: [To be determined based on the Baseline Environmental Assessment and the Remediation Plan and in accordance with Section 4(B) above; estimated earliest January 2026]
- D. Estimated Completion: [To be determined based on the timing of Construction Commencement in Section 6(C) above and a construction schedule to be developed pursuant to the Definitive Agreement; currently anticipated by the Parties to be approximately Spring 2027]
- E. Transfer to City: Within 30 days of substantial completion and final City inspection and approval

¹ Subject to the Threshold Conditions.

² Subject to timely completion of the Phase II ESA (as defined in Attachment B) and agreement on the Remediation Plan.

7) Representations and Warranties

Each Party will make customary representations and warranties regarding its authority to enter into the Definitive Agreement and capacity to perform its obligations under the Definitive Agreement.

8) Insurance and Indemnity

- A. Donor and contractors shall maintain required insurance coverage during the term of the Definitive Agreement. The Definitive Agreement will specify the required insurance coverage.
 - B. In addition to the indemnity obligations set forth above regarding CEQA and other approvals, and excluding City-indemnified Claims, Donor to indemnify and defend City from and against all claims, losses, liabilities or expenses, including reasonable attorneys' fees (collectively "Claims"), arising from or caused by any defective design and construction of the Project, any breach of Donor's obligations under the Definitive Agreement, or the release of hazardous materials initially brought onto the Project Site by Donor. Donor shall assign to City any warranties received by Donor in connection with the construction of the Project.
 - C. City to indemnify, defend and hold Donor harmless from and against any Claims arising from or caused by (i) hazardous materials at, to or from the Project Site (whether or not identified in the Baseline Environmental Assessment), except to the extent that they were initially brought onsite by Donor; or (ii) breach of City's obligations under the Definitive Agreement.
 - D. Definitive Agreement to include City's Standard Provisions for City Contracts as agreed by the Parties based on the nature and scope of the Project and Donor's obligations under the Definitive Agreement.
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9) Donor Default

- A. Donor Termination. Without prejudice to Donor's termination rights under Section 4(D) and Section 10(A), Donor agrees to pay to City the reasonable costs of completing the construction of the Project should Donor elect to terminate the Definitive Agreement after the Threshold Date, unless Donor's termination is: (1) an exercise of Donor's termination rights under Section

10(A) below, or (2) due to the occurrence of an event of force majeure that prevents Donor from completing the Project, and in the case of any of the events in clauses (1) and (2), Donor will have no further obligations or liabilities to City upon such termination. The Definitive Agreement shall establish a timely process for the estimation of completion costs and the payment by Donor, if required. Notwithstanding the foregoing, except as otherwise permitted under this Section 9(A) and Section 10(A), Donor shall have no right to terminate after the Threshold Date, and in the event of any such termination by Donor after the Threshold Date (except as otherwise permitted under this Term Sheet), Donor shall pay City the reasonable costs of completing the construction of the Project (without duplication of any funds received from FEMA or any other grants issued by federal, state or county governmental authority).

- B. Failure to Complete the Project. Following the Threshold Date, upon failure by Donor to complete the Project by an "Outside Completion Date" to be agreed in the Definitive Agreement, subject to extensions due to (i) force majeure, (ii) any failure by City to perform its obligations under the Definitive Agreement, (iii) any environmental conditions as contemplated in Item 5 of Attachment B (Environmental Matters), (iv) City delay in issuing any permit or approval, and (v) other customary excuses from performance as may be agreed in the Definitive Agreement, City may terminate the Definitive Agreement, in which case Donor shall pay to City the reasonable costs of completing the construction of the Project (without duplication of any funds received from FEMA or any other grants issued by federal, state or county governmental authority) in accordance with the Final Project Design. The Definitive Agreement shall establish a timely process for the estimation of completion costs and the payment by Donor.

10) City Default

- A. In the event of a material default by City which substantially hinders the completion of the Project, Donor may issue a written notice of default to City, and if City does not cure said default within 30 calendar days of receipt of said notice, Donor may terminate the Agreement, with no further obligations or liabilities, in addition to any other remedies available to Donor at law or in equity.

11)Non-Binding Nature

- A. This Term Sheet is intended as a good-faith summary of the key deal terms. It is non-binding and subject to the negotiation, approval, and execution of a formal Definitive Agreement, including approval by the Board of Recreation and Park Commissioners and other City entities as may be required.

Attachment A-1

Project Description

The Project involves the replacement, restoration and enhancement of certain Palisades Recreation Center features affected by the January 2025 Palisades Fire.

The Palisades Recreation Center is located at 851 Alma Real Drive in the Pacific Palisades community of the City. Before the 2025 Palisades Fire, this 17-acre facility consisted of two recreation centers (approximately 18,000 square feet with indoor basketball courts, a multipurpose room, lobby, office space, storage and restrooms), outdoor tennis courts with tennis pro shop, two outdoor basketball courts, bocce courts, a maintenance yard, a children's play area, lawns and picnic areas, baseball fields, and parking, all for public use.

The 2025 Palisades Fire destroyed the larger recreation center building, the tennis pro shop, the maintenance yard, the perimeter fencing, and 22 trees and damaged the smaller recreation center building, the basketball courts, and the Veterans Gardens. The fire also affected 76 additional trees, the access road and the parking lots. The lawns on the easterly and westerly side of the access road, the baseball fields, the tennis courts, and the fitness area were minimally affected.

The Project includes a portion of the total area of the park and excludes the baseball fields and the tennis courts. The Project will demolish the remains of the smaller recreation center and replace the two former recreation centers with a new, 28,000 square foot recreation center, which will include two indoor basketball courts with bleachers, two indoor pickleball courts, a lobby, a multipurpose room, office space, storage rooms, and restrooms. It will also replace the tennis pro shop generally within the previously existing footprint.

The Project also includes the relocation and enhancement of other features of the park affected by the fire and the installation of new amenities. The playground and the two outdoor basketball courts will be relocated and rebuilt. New amenities include an outdoor community meeting gathering area, new shaded outdoor community pods, a new multipurpose field and terraced seating west of the tennis courts and north of the baseball fields.

The proposed Project will regrade the lawns east and west of the access road and upgrade the internal pathway network, installing security and safety lighting. The access road and the parking spaces will be repaired and the parking capacity will remain the same.

It is anticipated that the Project will plant 350 new trees. Although the number of trees that will be removed is not yet known, any tree removal and replacement, as well as any construction around trees, will comply with RAP's Urban Forest Manual approved by RAP's Board on February 06, 2025 (Board Report No. 25-005) and related guidance provided by RAP's Forestry Division.

Attachment A-2

Overall Project Plan³

[See Attached]

³ To be updated prior to entering into the Definitive Agreement to the extent necessary.



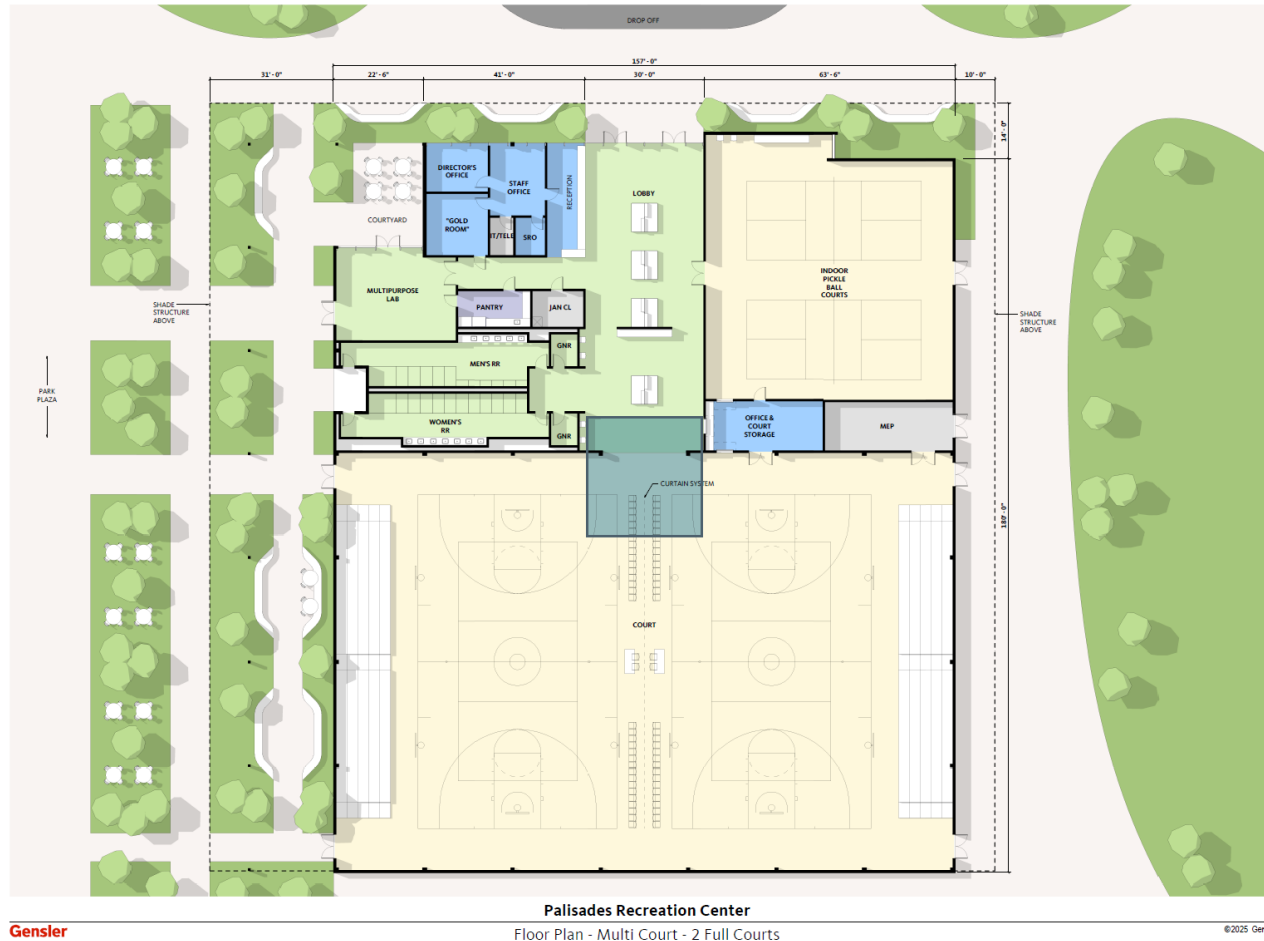
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Palisades Recreation Center

09/26/2025

Attachment A-3

Rec Center Building⁴



⁴ To be updated prior to entering into the Definitive Agreement to the extent necessary.

Attachment B

Environmental Matters

1. The Parties acknowledge and agree that City has shared with Donor the Phase I Environmental Site Assessment by Roux dated October 16, 2025 ("Phase I ESA") undertaken on behalf of City for the Project Site. City also shall use reasonable efforts to secure any environmental assessment(s) for the Project Site undertaken by ACOE or FEMA.
2. City shall complete, at its sole cost, a Phase II Environmental Site Assessment ("Phase II ESA") in accordance with ASTM E1903-19. City will determine whether any further investigation or delineation is necessary or advisable to adequately assess the nature and extent of environmental conditions at the Project Site and its suitability for the recreation and park use in order to ensure that the Project Site is suitable for the Project's intended use, and upon such determination, City will undertake such further investigation or delineation at City's cost (such additional investigation or delineation, collectively with the Phase I ESA, Phase II ESA, and any other environmental assessment undertaken by ACOE or FEMA and provided to City and Donor, the "Baseline Environmental Assessment"). City agrees to share with Donor on a timely basis all data, documentation, reports, findings, conclusions, or other materials comprising and regarding the Baseline Environmental Assessment.
3. Upon completion of the Baseline Environmental Assessment reasonably acceptable to Donor, Donor shall secure a remediation plan and cost estimate from an environmental engineering firm reasonably acceptable to City to address any hazardous materials identified in the Baseline Environmental Assessment as needed, as reasonably determined by the environmental engineer in consultation with City and Donor, in order to implement the Project and make the Project Site suitable for recreation and park use ("Remediation Plan"). Provided that City delivers the Phase II ESA to Donor on or prior to March 1, 2026, Donor shall provide City with a copy of the final Remediation Plan no later than 30 days prior to the Threshold Date. Either Party may, prior to the Threshold Date, terminate the Definitive Agreement. Provided that neither Party terminates the Definitive Agreement, Donor agrees it will pay all costs necessary to complete the Remediation Plan.
4. Donor shall retain an environmental engineering firm reasonably acceptable to City to implement the Remediation Plan. City will be the generator of record with respect to any hazardous materials on the Project Site and sign all related manifests; Donor will be the generator of record solely for hazardous materials brought onto the Project Site by Donor or its contractor(s), if any, and sign all related manifests.
5. If any new environmental conditions are discovered during the implementation of Remediation Plan or construction of the Project that are unacceptable to Donor

or City, the Parties will mutually determine whether to make additional modifications to the Final Project Design and/or the additional time necessary to complete the Project. Upon such determination, the Outside Completion Date will be extended to accommodate such modifications, and City shall be responsible for (i) any additional investigation and remediation costs associated with or arising from such new environmental conditions, including without limitation (x) any additional soil or groundwater handling and disposal costs and (y) any additional construction worker protection costs, and (ii) all additional construction costs associated with or arising from such new environmental conditions up to \$5 million. If the additional construction costs associated with or arising from such new environmental conditions exceed \$5 million, and City will not then agree to pay the additional costs in excess of \$5 million, then Donor may either agree (A) to pay such additional costs or (B) to terminate the Definitive Agreement with no further obligations or liabilities by either Party to the other; provided, however, that, if such termination occurs after the Threshold Date, Donor shall make available to City all unexpended funds budgeted for construction of the Project to the extent City undertakes to complete the Project, with City having no further obligations or liabilities to Donor for the use of such funds.

Attachment C

Approvals⁵

Summary of Typical Approval Requirements for Recreation Center Construction Projects on City Parkland:

Department / Agency	Approval / Review Description
Board of Recreation and Parks Commission	Conceptual and Final Approval of Recreation Center building design
Department of Recreation and Parks (RAP) Planning Division	Review and approval of each of the phases of design in accordance with the RAP Design Standards for Gymnasium and Community Building Projects
Department of Building and Safety (DBS), Department of Public Works, Fire Department	Building permit review, inspection and approval through the plan check process including applicable clearances required by City departments other than the Planning Department, such as the Department of Building and Safety, Public Works Bureau of Engineering, Bureau of Sanitation, and the Los Angeles Fire Department, etc.
Cultural Affairs Commission (CAC)	Review and approval by the CAC for the final design of the recreation center. Additionally, CAC approval is required for any proposed permanent public art
Los Angeles County Department of Public Health (DPH)	Clearance required if food and beverage equipment is contemplated for the project. DPH approval is also required for any playground equipment involving water elements (i.e. splashpad equipment)
California Department of Toxic Substances (DTSC)	Projects involving remediation and/or removal of toxic substances may require permit approvals through DTSC

⁵ All necessary permits and approvals are contingent upon the final project design.

**INDEMNIFICATION AGREEMENT
BY AND BETWEEN
CITY OF LOS ANGELES
AND
PPRC DEVELOPMENT PROJECT, LLC**

THIS INDEMNIFICATION AGREEMENT (“Agreement”) is made this ____ day of _____, 2026 (“Effective Date”), by and between the CITY OF LOS ANGELES, a municipal corporation (“City”), and PPRC Development Project, LLC, a California limited liability company (“Donor”) (collectively, the “Parties”).

RECITALS

WHEREAS, City is the owner of the Palisades Recreation Center located at 851 Alma Real Drive, Pacific Palisades, CA 90272 (the “Recreation Center”);

WHEREAS, Donor desires to design, fund, permit, reconstruct, and landscape the Recreation Center (the “Project”), and to donate the completed Recreation Center to the City for public recreational use, pursuant to a formal agreement between the Parties (the “Definitive Agreement”);

WHEREAS, the City’s approval of the Definitive Agreement is a discretionary approval requiring compliance with the California Environmental Quality Act (“CEQA”);

WHEREAS, City staff anticipates that the Board of Recreation and Park Commissioners will determine that the Project is statutorily exempt from CEQA under Public Resources Code §21080(b)(3) and CEQA Guidelines §15269(a) (the “Exemption”, and such determination the “Exemption Determination”); and

WHEREAS, if the City’s Exemption Determination were to be challenged in court by any third party, the Parties desire to provide for Donor’s defense of the Exemption Determination, and/or defense of the City in any litigation against the City challenging the Exemption Determination (collectively, “Future Actions”).

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants set forth herein, and for other consideration, the receipt and sufficiency of which is acknowledged, the Parties agree as follows:

Section 1. Construction. This Agreement shall be liberally construed to accomplish its intent. Nothing in this Agreement is intended to limit any rights the City may have to indemnity and reimbursement from Donor or any other party under any other legal authority, agreement, covenant, or entitlement.

Section 2. No Obligation to Approve Project. The provisions of this Agreement shall in no way obligate the City to make any particular CEQA determination or take any action

approving the Definitive Agreement. The City shall use its independent judgment in determining whether to approve the Definitive Agreement and the applicable CEQA determination.

Section 3. Indemnification and Hold Harmless.

(a) Non-liability of City Concerning the Project. The Parties acknowledge that there may be challenges to the legality, validity and adequacy of the Exemption Determination; and if successful, such challenges could delay or prevent the development of the Project. The City shall have no liability under this Agreement for the inability of Donor to complete the Project as a result of a lawsuit being filed by a third party, excluding Donor, to challenge the approval of the Exemption Determination, as the result of a judicial determination against Donor and/or the City in any such lawsuit and/or the City settling any such lawsuit filed against the City.

(b) Indemnity. Donor shall pay for the City's reasonable out-of-pocket legal fees and costs incurred from participating in the defense of, or in retaining separate counsel for, any Future Actions in the manner set forth in this Agreement (collectively, "Legal Fees and Costs"). Such Legal Fees and Costs shall include, but not be limited to, all reasonable court costs and attorneys' fees, including attorneys' fees and costs incurred by the City's outside counsel on behalf of the City; City Attorney time; other City staff time spent in regard to defense of any Future Actions; and attorney's fees and costs awarded to any petitioner in any such Future Actions in the event that said petitioner prevail on any claim at trial and/or on appeal. Notwithstanding any other provision of this Agreement, any Future Actions under this Agreement do not include any legal or administrative challenge brought by the Donor for any purpose to challenge the City's denial, in whole or in part, of the Project, or the City's failure to take action on the Project.

Section 4. Participation in Litigation. The City shall notify Donor within a reasonable period of time of its receipt of any litigation filed to challenge the Exemption Determination, in whole or in part, and the Donor and City shall cooperate in the defense, and, whenever there is no conflict of interest, consolidate the defense, of any Future Actions.

The City shall have the sole right to choose its counsel, including the City Attorney's office or outside counsel, to represent and defend the City in any Future Actions. At its sole discretion, the City may participate in any Future Actions at its own expense, but such participation shall not relieve Donor of any obligation imposed by this condition.

In response to any such Future Actions, Donor may terminate the Project. If Donor terminates the Project, the Parties shall take all reasonable actions to conclude the litigation challenging the Exemption Determination. Donor shall continue to indemnify City for its Legal Fees and Costs in connection with the dismissal of the litigation .

Section 5. Deposit. Following the initiation of any Future Actions, Donor shall deposit with the City \$50,000, which deposit shall be held by City in a separate account as a security deposit to ensure that Donor pays the Legal Fees and Costs arising from or related to the Future Actions. Any amount remaining in the security deposit account at the conclusion of the

Future Actions or termination of this Agreement shall be returned promptly to Donor.

Section 6. Failure of Donor to Perform; Material Breach. Failure of Donor to indemnify the City or submit and maintain the required deposits, all as provided for by this Agreement, will be a material breach which shall entitle the City to all remedies available under law, including but not limited to specific performance and damages. Moreover, failure to indemnify, and/or provide deposits when required under the Agreement, shall constitute grounds upon which the City decision-making bodies may rescind its approval of the Project and/or issue stop work orders, and a waiver by Donor of any right to proceed with the Project or any portion thereof after the City has provided reasonable, but in no cases less than ten days' written, notice of the failure to perform, and the expiration of a thirty day right to cure period following receipt of notice. Additionally, if Donor fails to indemnify, and/or submit and maintain required deposits as required under this Agreement following notice and the right to cure as provided under this Section, the City may cease participation in or abandon any Future Actions without the City incurring any liability to Donor and the City shall recover from Donor any attorneys' fees and other costs for which the City may be liable for ceasing participation or abandonment of the Future Actions; alternatively, the City may continue to participate in or defend such Future Actions and Donor shall be liable to the City for the reasonable cost thereof; provided, however, that City may not settle any Future Action in a manner that imposes on Donor any economic costs without the consent of Donor.

Section 7. No Assignment. Donor shall be and remain obligated to all of the terms of this Agreement, notwithstanding any attempt to assign, delegate or otherwise transfer all of any of the rights or obligations of this Agreement, other than in connection with an assignment of the Definitive Agreement (or any interest therein).

Section 8. Notices. Any notices, requests, demands, documents, approvals or disapprovals given or sent under this Agreement from one party to another (collectively, the "Notices") shall be in writing and delivered by the United States Postal Service, any commercially available letter or package delivery service, or electronic mail (email) provided that a copy of the email is retained to show the date and time of transmission. The notices shall be given to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other parties in writing from time to time, namely:

If to Donor:

Nick Geller
PPRC Development Project, LLC
101 The Grove Drive
Los Angeles, California 90036
Email: ngeller@steadfastla.com

With a copy to:

George Muhlsten
Latham & Watkins LLP
10250 Constellation Blvd., Suite 1100
Los Angeles, California 90067
Email: George.Muhlsten@lw.com

If to the City:

City of Los Angeles Department of
Recreation and Parks
221 N Figueroa St., 3rd Fl, Suite 350
Los Angeles, California 90012
Attn: Matt Rudnick, Executive Officer
Email: matthew.rudnick@lacity.org

With a copy to:

Los Angeles City Attorney's Office
James K. Hahn City Hall East, 7th Floor
200 North Main Street
Los Angeles, California 90012
Attn: Brendan Kearns
Email: brendan.kearns@lacity.org

Each such Notice shall be deemed delivered to the party to whom it is addressed: (i) if personally served or delivered, upon delivery; (ii) if sent by email, upon sending, if transmitted on a business day with immediate delivery during standard business hours, and otherwise, on the next succeeding business day following transmission and delivery; (iii) if given by registered or certified mail, return receipt requested, deposited with the United States mail postage prepaid, seventy-two hours after such notice is deposited with the United States mail; (iv) if given by overnight courier for overnight delivery, with courier charges prepaid, one (1) business day after delivery to said overnight courier; or (v) if given by any other means, upon delivery at the address specified in this Section.

Section 9. California Law. This Agreement shall be governed by, construed in accordance with, and interpreted under the laws of the State of California. The venue for any litigation regarding this Agreement shall be Los Angeles County, State of California.

Section 10. Severability. If any part of this Agreement is held to be illegal or unenforceable by a court of competent jurisdiction, the remainder of this Agreement shall be given effect to the fullest extent reasonably possible.

Section 11. Binding Upon Successors. This Agreement shall be binding upon Donor and its successors, heirs and assignees and shall continue in effect until the later of (i) ninety (90) days after filing of a Notice of Exemption for the Exemption Determination if no Future Action has been filed and served within that ninety (90) day period or (ii) if a Future Action has been filed and served within such ninety (90) day period then within five (5) days of entry of a final judgment or dismissal of the Future Action.

Section 12. Ambiguities. In the event of any asserted ambiguity in, or dispute regarding, the interpretation of any matter herein, the interpretation of this Agreement shall not be resolved by any rules of interpretation providing for interpretation against the party who caused the uncertainty to exist or against the drafting party.

Section 13. Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, all of which together shall be one and the same Agreement.

Section 14. Entire Agreement. This Agreement shall constitute the complete understanding of the Parties with respect to the matters set forth herein. Neither party is relying on any other representation, oral or written. This Agreement may not be changed except by a written amendment signed by both parties.

Section 15. **Survival of Agreement.** This Agreement, and all of its terms, shall survive the invalidation or nullification of the Exemption Determination and, in such event, Donor shall continue to be bound by its terms.

Section 16. **Authority.** Each party executing this Agreement represents and warrants that it has been duly authorized to enter into this Agreement, and has full and complete authority to do so. Each party expressly waives any defense to this Agreement based on any lack of authority to enter into and be bound by the terms of this Agreement.

IN WITNESS THEREOF, the Parties hereto have executed this Agreement as of the day and year written alongside their respective signature lines below.

Signed on: _____, 2026

DONOR

PPRC Development Project, LLC, a
California limited liability company

By: _____

Name: _____

Title: _____

Signed on: _____, 2026

CITY OF LOS ANGELES

By signing below, the signatory attests that
they have no personal, financial, beneficial,
or familial interest in this Agreement.

By: _____

JIMMY KIM, General Manager,
Department of Recreation and Parks

APPROVED AS TO FORM:
HYDEE FELDSTEIN SOTO, City Attorney

By: _____
BRENDAN KEARNS, Deputy City Attorney