County of Los Angeles
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Chief Executive Officer

Board of Supervisors
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Fifth District

September 2, 2008

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

TRANSFER OF RESPONSIBILITY FOR THE SAN PEDRO ANNEX AND REDONDO BEACH COURTHOUSES TO THE STATE OF CALIFORNIA (FOURTH DISTRICT) (3 VOTES)

SUBJECT

This letter recommends Board approval of two Transfer Agreements to effect the transfer of responsibility for the leased San Pedro Annex and Redondo Beach Courthouses. The fifth and sixth of approximately 50 transfers, this change will alleviate the County's current responsibility to provide, operate, and maintain space for the Superior Court in these two locations.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Find that the recommended actions are categorically exempt from the provisions of the California Environmental Quality Act.

2. Approve and instruct the Chair to sign the two Transfer Agreements with the Judicial Council of California for the transfer of responsibility for the leases of the San Pedro Annex and Redondo Beach Courthouses, effective upon Board approval.

3. Instruct the Auditor-Controller to make quarterly installments of the County Facilities Payment associated with each of the two facilities, to the State Controller in accordance with the Government Code and the instructions of the State Controller, as follows: 1) for the San Pedro Annex Court facility, $53,319 for 2008-09, and $64,788 for subsequent years; and 2) for the Redondo Beach Court facility, $250,027 for 2008-09, and $311,352 for subsequent years, as these amounts may be adjusted by the State Department of Finance to account for changes in the rate of inflation up to the expiration date of each lease.

4. Authorize the Chief Executive Officer to execute any other documents necessary to complete the transfers, and to implement their purposes, upon approval as to form by County Counsel.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The Trial Court Facilities Act (SB 1732, Chapter 1082 of 2002—the Act) established the authority for the transfer of responsibility for court facilities from the counties to the State, with the State's interests represented by the Judicial Council of California. The Act has been subsequently amended, including by AB 1491 (Jones, Chapter 9 of 2008), which extends the transfer period through December 31, 2009.

The Act authorizes the State of California, through the Judicial Council, to assume the financial responsibility for the facilities operations (e.g., rental payments, payment of utilities, building and grounds maintenance, permitting of equipment, and other building management functions) in the local trial courts. Transfer of the court facilities will relieve the County of its responsibility for operation and management of court facilities, which responsibility has largely been dictated by the non-County tenant, as well as of its obligations for future operational cost increases.

County work on the transfers of all 50 court facilities is virtually complete, including efforts related to assessment and documentation of present conditions, including space and parking allocations, providing information to the Administrative Office of the Courts (AOC) in support of their due diligence process, calculation of the annual County Facilities Payment (CFP), negotiation of general terms and conditions of transfers, and drafting of a "template" agreement. The remaining transfers will be submitted to your Board for approval as the agreements are completed by the AOC.

Implementation of Strategic Plan Goals

The Countywide Strategic Plan directs that we provide the public with beneficial and responsive services (Goal 1), and that we strengthen the County's fiscal capacity (Goal 4). The transfer of the San Pedro Annex and Redondo Beach Courthouses to the State will support the County's efforts to maintain court services in those areas to the benefit of the public, while at the same time, limiting the County's exposure to inflationary cost increases in future years.

FISCAL IMPACT/FINANCING

The Act requires that, for each court facility transferred, the County develop and certify a CFP, which is the maintenance-of-effort payment. To calculate the CFP for these two leases, the County considered only the rental payments to the two lessors, up to the expiration date of the lease. We believe the CFP for the San Pedro Annex Courthouse

lease, which is currently on month-to-month holdover, is now stable at $64,788. Because inflation to the March 19, 2011 expiration date of the Redondo Beach Courthouse lease can only be estimated, the Act provides that the calculated CFP amount may be adjusted in 2009 and again in 2010 for the actual rate of inflation, once it becomes known, in accordance with the lease itself.

After transfer of responsibility for each facility, and payment by the County of the CFP, the State will be responsible for all costs associated with these two court facilities. There are no County operations, such as District Attorney, Public Defender, or other County departments located at these facilities.

Funding is available in the Rent Expense budget for these two leases. There will be a recommendation later in the year to adjust appropriations among various General Fund budget units to accommodate the new financing structure for all the transferred court facilities, including these two leases, with no net County cost impact.

San Pedro Annex Courthouse

For the San Pedro Annex Courthouse, the Auditor-Controller developed and certified a CFP payment of $64,332, which has been approved by the State Department of Finance. Because responsibility is being transferred later than was expected in the development of the CFP, and because the current fiscal year is partially completed and the County will make payments covering only the period from Board approval, the total payment for 2008-09 is $53,319; the payment for future years will be $64,788.

Redondo Beach Courthouse

For the Redondo Beach Courthouse, the Auditor-Controller developed and certified a CFP payment of $301,672, which has been approved by the State Department of Finance. Because responsibility is being transferred later than was expected in the development of the CFP, and because the current fiscal year is partially completed and the County will make payments covering only the period from Board approval, the total payment for 2008-09 is $250,027; the payment for future years will be $311,352, with additional increases to account for inflation, per the terms of the lease, through the expiration date of the lease, March 19, 2011.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The Act, as amended by later statutes authorizes the County to enter into agreements for the transfer of responsibility for and title to court facilities, as well as the joint occupancy of those court facilities. The Transfer Agreements (Attachments A and B) have been approved as to form by County Counsel.

San Pedro Annex Courthouse

The San Pedro Annex Courthouse property consists of a portion of the sixth floor of the City of Los Angeles' San Pedro Municipal Building, with one usable courtroom and other spaces, and some associated parking. The "Transfer Agreement between the Judicial Council of California, by and through the Administrative Office of the Courts, and the County of Los Angeles for the Transfer of Responsibility for the San Pedro Annex Courthouse" is included in this Board letter as Attachment A. Under the Transfer Agreement, the County will transfer to the State responsibility for the entire court facility; the AOC has negotiated a replacement agreement with the City of Los Angeles in order to continue operations of this court facility after transfer.

Redondo Beach Courthouse

The Redondo Beach Courthouse property consists of three spaces in three separate buildings, which are part of the commercial area at the base of the Redondo Beach Pier, including three courtrooms with associated judicial chambers and other administrative spaces. No parking is provided. The "Transfer Agreement between the Judicial Council of California, by and through the Administrative Office of the Courts, and the County of Los Angeles for the Transfer of Responsibility for and Leasehold Interest in the Redondo Beach Courthouse" is included in this Board letter as Attachment B. Under the Transfer Agreement, the County will transfer to the State responsibility for the entire court facility, and will assign the lease to the State, which will assume all of the County's rights and obligations under the lease.

Plan for Additional Court Transfers

The County has continued to work diligently with the AOC to complete all the analysis and documentation necessary to transfer all of our remaining court facilities as early as possible, in order to minimize the annual costs after transfer. Counties are penalized for all transfer delays, both through the rate of inflation to the date of transfer, and an additional penalty on counties for transfers completed after September 30, 2008, which penalty increases after December 31, 2008. It is anticipated that approximately 44 additional transfer agreements will be presented to your Board within the next few months, along with joint occupancy agreements for those courthouses where the County shares use of the courthouse. In most cases where the Superior Court is the majority tenant, the County will also be transferring title, either in the short term, or upon maturity of outstanding bonds.

Along with the Long Beach and Glendale Courthouses, which have both transferred, three additional courthouses, the Huntington Park Courthouse, the Santa Clarita Courthouse, and the Alfred J. McCourtney Juvenile Justice Center (Old Lancaster Courthouse) are considered by the Judicial Council to be "Immediate Need" priorities for State capital outlay, and are expected to be among the earliest courthouses transferred. As the largest

facilities, the County's flagship Stanley Mosk Courthouse and the Clara Shortridge Foltz Criminal Justice Center are also among the highest priorities for early transfer.

ENVIRONMENTAL DOCUMENTATION

The recommended actions are categorically exempt from the provisions of California Environmental Quality Act (CEQA) pursuant to Section 15301 of the State CEQA Guidelines, since the courthouses are existing public facilities, and the recommended actions involve negligible or no expansion of use of those facilities.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Inasmuch as the State will continue to operate the San Pedro Annex and Redondo Beach Courthouses for court purposes, the transfer will result in no significant impact in the levels or quality of services provided to County constituents.

CONCLUSION

Please return one adopted, stamped copy of this letter and two signed originals of each of the agreements to the Chief Executive Office for further processing.

Respectfully submitted,

WILLIAM T FUJIOKA
Chief Executive Officer

WTF:DL:JSE
MV:tlh

Attachments

c: County Counsel
Auditor-Controller
Sheriff
Los Angeles Superior Court

ATTACHMENT A

AOC Facility #19-AB-1
County LACO #D781
San Pedro Annex Courthouse
638 S. Beacon Street, San Pedro, CA 90731

TRANSFER AGREEMENT

BETWEEN THE JUDICIAL COUNCIL OF CALIFORNIA,

by and through

THE ADMINISTRATIVE OFFICE OF THE COURTS,

AND THE COUNTY OF LOS ANGELES

FOR THE TRANSFER OF RESPONSIBILITY FOR

THE SAN PEDRO ANNEX COURTHOUSE

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TRANSFER AGREEMENT

1. PURPOSE

The Judicial Council of California, an entity established by the Constitution of the State of California (the "**Council**"), by and through the Administrative Office of the Courts, the staff agency to the Council (the "**AOC**"), and the County of Los Angeles, a body corporate and politic (the "**County**"), establish this Transfer Agreement, as of _____, 2008 (the "**Effective Date**"), and set forth the terms and conditions for the Transfer of Responsibility for funding and Operation of the Court Facility commonly known as the San Pedro Annex Courthouse to the Council.

2. BACKGROUND

The Lockyer-Isenberg Trial Court Funding Act of 1997 (Chapter 850, Statutes of 1997) provides for transfer of the primary obligation for funding of court operations from the counties to the State. The restructuring of funding for trial court operations accomplished by the Lockyer-Isenberg Trial Court Funding Act of 1997 ended a dual system of county and state funding of, and created a more stable and consistent funding source for, trial court operations. The Trial Court Facilities Act of 2002 was adopted to provide for the transfer of responsibility for funding and operation of trial court facilities from the counties to the Council. The Parties enter into this Agreement to implement the provisions of the Act as it exists on the Effective Date.

3. DEFINITIONS

"**Act**" means, as of the Effective Date, the Trial Court Facilities Act of 2002 (Chapter 1082, Statutes of 2002), as amended by later statutes.

"**Agreement**" means this Transfer Agreement, together with the attached Exhibits.

"**Building**" means the building located at 638 S. Beacon Street, San Pedro, California 90731, in which the Court Facility is located.

"**Controller**" means the State Controller.

"**Council Authorized Signatory**" means the AOC's Senior Manager, Business Services, Grant Walker.

"**County Authorized Signatory**" means the person or persons authorized by the County Board of Supervisors to execute this Agreement as designated in the County Authorizing Document.

"**County Authorizing Document**" means a copy of a certified order by the County Board of Supervisors evidencing that the County has taken all steps and obtained all approvals required to: (1) authorize the County Authorized Signatory to execute this Agreement on behalf of the County; and (2) authorize the County to perform its obligations under this Agreement.

"County Board of Supervisors" means the governing body of the County.

"**County Facilities Payment**" means the payments the County must make to the Controller with respect to the Court Facility under Article 5 of the Act.

"County Parties" means the County, and its officers, agents, and employees.

"**Court Facility**" means the trial court facility commonly known as the San Pedro Annex Courthouse, located on the sixth floor of the Building, the Superior Court Parking, the County's rights, under the Lease, to use in common with others the Building's common areas, lobbies, stairwells, elevators, and restrooms on the terms set forth in the Lease, and all rights and interests of the County or the Superior Court in all fixtures and Tenant Improvements (whether installed by the Lessor or the County), if any, existing in the Court Facility as of the Transfer Date.

"**Dispute**" means each and every pending or threatened claim, liability, litigation, arbitration, mediation, administrative proceeding, settlement negotiation, or other dispute-resolution proceeding between the County and any Third Party, related to the Lease or the responsibility for, or Operation or use of, the Court Facility.

"**DOF**" means the State Department of Finance.

"Hazardous Substance" means any hazardous or toxic material, substance, or waste that is regulated or governed by any Law.

"**Intangible Personal Property**" means all of the County's: (1) agreements or arrangements for the operation of the Building Equipment; (2) warranties, permits, licenses, certificates, guaranties, and suretyship agreements and arrangements, and indemnification rights in favor of the County with respect to the Court Facility; (3) commitments, deposits, and rights for utilities relating to the Court Facility to the extent related to the period on and after the Transfer Date; (4) engineering, accounting, title,

legal, and other technical or business data concerning the Court Facility or the Tangible Personal Property; (5) deposits, deposit accounts, and escrow accounts arising from or related to any transactions related to the Court Facility or the Tangible Personal Property, and rights to receive refunds or rebates of impact fees, assessments, charges, premiums, or other payments made by the County in respect of the Court Facility, if these refunds or rebates relate to the period on and after the Transfer Date; or (6) all other intangible rights, interests, and claims of the County which are a part of or related to the Court Facility or any Tangible Personal Property.

"Law" means State and federal codes, ordinances, laws, regulations, the California Rules of Court, and judicial and administrative orders and directives, to the extent binding on the County, the Council, the AOC, or the Superior Court, and issued by a court or governmental entity with jurisdiction over the County, the Council, the AOC, or the Superior Court.

"**Lease**" means County Lease #L-0948 for the Court Facility between the County and the Lessor, dated as of August 26, 2005, and all amendments and addenda to the Lease.

"**Lessor**" means the City of Los Angeles.

"**Material Agreements**" means any and all agreements, contracts, or understandings (written or unwritten) between the County and any Third Party relating to the Lease or the Court Facility (1) for which termination requires advance notice by a period of or exceeding 30 calendar days, or (2) that obligate the County to make payment, or entitle the County to receive payment, exceeding $25,000 within any fiscal year.

"**Miles Court Order**" means the executed Master Stipulation and Order Regarding Class Action Settlement filed on January 31, 2006 in the matter captioned *Miles, et al. v. County of Los Angeles, et al.*, USDC-CD No. CV 02-03932.

"**Operation**" means the administration, management, maintenance, and repair of designated areas of the Court Facility.

"**Party**" means either of the Council or the County, and "**Parties**" means the Council and the County together.

"Pending Projects" means any pending or in-process maintenance project or other project involving the Court Facility under sections 70326(d) or 70331(c) of the Act.

"**Property Disclosure Documents**" means all documents, including Material Agreements, that provide material information relative to the title, ownership, use, occupancy, or condition of the Court Facility, or any rights, benefits, liabilities, obligations, or risks associated with the Court Facility or the Lease. A list of the categories of Property Disclosure Documents is attached as **Exhibit "C"**.

"**Security Services MOU**" means the Memorandum of Understanding and Comprehensive Court Security Plan between the County Sheriff's Department and the Superior Court executed in March and April 2004 by the parties, respectively, as extended by that Extension to Agreement executed in June 2007, and as amended or replaced from time to time.

"**State**" means the State of California.

"**State Parties**" means the State of California, the Council, the AOC, and the Superior Court, and each of their respective officers, agents, and employees.

"**Superior Court**" means the Superior Court of California, County of Los Angeles.

"**Superior Court Parking**" means that parking that is leased to the County under the Lease, and comprises eight parking spaces.

"**Tangible Personal Property**" means any unaffixed item that is, on the Transfer Date, owned by the County and located on or in, or used in and is necessary to the Operation of, the Court Facility, except that it does not include any tangible personal property of the County necessary to provide telecommunications services.

"**Tenant Improvements**" means all improvements and modifications to the Court Facility or the Building that are for the benefit of the County or the Superior Court in accordance with the Lease.

"**Third Party**" means any person, entity, or governmental body other than a State Party or a County Party.

"**Transfer Date**" means the Effective Date.

"**Transfer of Responsibility**" means the County's full and final grant, transfer, absolute assignment, and conveyance to the Council, and the Council's full and final acceptance and assumption of, entitlement to, and responsibility for, all of the County's rights, duties, and liabilities arising from or related to the Court Facility, in accordance

with this Agreement, except that the Transfer of Responsibility will not include those duties and liabilities expressly retained by the County under this Agreement and the Act, or any responsibility for Disputes arising from or related to facts or circumstances occurring prior to the Transfer Date.

4. RESPONSIBILITIES AFTER TRANSFER OF RESPONSIBILITY

4.1. Transfer of Responsibility. On the Transfer Date, the Transfer of Responsibility for the Court Facility from the County to the Council will occur under the terms of this Agreement.

4.2. General Responsibilities After Transfer of Responsibility. Upon the Transfer of Responsibility, the Parties shall have the general rights, duties, and liabilities set forth in the Act in respect of the Court Facility, except as may be expressly delegated by the Parties in this Agreement.

4.3. Specific Responsibilities After Transfer of Responsibility. The Parties shall have the following specific rights, duties, and liabilities after the Transfer of Responsibility:

4.3.1. Insurance. Notwithstanding the Transfer of Responsibility, the State Parties will not be obligated to provide insurance coverage obtained from a Third Party for the Court Facility except if and as required under the terms of the Lease. The State Parties shall continue to be solely liable for all personal property owned or leased by a State Party located on or in the Building. The County shall continue to be solely liable for all County owned or leased personal property located on or in the Building, including any such personal property that is required to provide telecommunications services to the Superior Court. However, this liability will not limit the County from including costs related to repair, upgrade, or replacement of such County owned or leased personal property necessary for telecommunications services in its charges to the Superior Court for those services.

4.3.2. Correspondence. The County shall direct to the AOC's Office of Court Construction and Management consistent with section 12 of this Agreement all correspondence, invoices, and information that the County receives from Third Parties (other than any State Parties) related to the Operation of the Court Facility for the period on and after the Transfer Date to the extent that the Superior Court is not also a recipient of such correspondence, invoices, and information.

4.3.3. County Obligations. The Parties acknowledge that the Lease will expire on August 31, 2008, and that the Council expects to enter into a new lease with Lessor for the Court Facility that is anticipated to commence on September 1, 2008. In the event that the Council's new lease with Lessor for the Court Facility does not commence immediately upon the expiration of the Lease, and the Lease is held over on a month-to-month basis in accordance with its terms, the Council shall be responsible for all County obligations (1) under the Lease, including the payment of rent to Lessor; and (2) in respect of the Court Facility; in each case for the period on and after the Transfer Date, and the County shall be responsible to pay all rent and other charges arising under the Lease related to all periods prior to the Transfer Date, except that the Council shall reimburse the County for the prorated amount of any rent or other charges under the Lease that the County has prepaid for the period on and after the Transfer Date.

4.3.4. Disputes. The County shall promptly notify the Council in writing of any Dispute that arises after the Transfer Date that concerns or alleges: (1) acts or omissions of the County committed at any time prior to the Transfer Date related to the Court Facility or the Lease; or (2) an event or incident to which the County's indemnification obligations in section 8.2 of this Agreement do or may apply. The County shall manage and be responsible to resolve those Disputes, but the Council may elect, but is not required, to retain its own attorney, at the Council's sole expense, to participate in the litigation, settlement negotiations, or other dispute-resolution procedures for those Disputes. If the Council elects to retain its own attorney to participate in the litigation, settlement negotiations, or other dispute-resolution procedures for a Dispute, the County shall cooperate with the participation by the Council and its attorney, and the Council and its attorney shall cooperate with the County in respect of such participation.

4.3.5. Personal Property. If either of the Parties determines that there exists any Tangible Personal Property or Intangible Personal Property not previously transferred or assigned to the State Parties, that Party shall promptly provide to the other Party a notice that includes a reasonably detailed, written description of that property, and how it is necessary to the Operation of the Court Facility. At the Council's request, the County and the Council shall promptly meet and confer to determine the proper disposition of the Tangible Personal Property or Intangible Personal Property described in that notice.

4.3.6. Adjustments. The Parties shall make the appropriate adjustments for prorations or computations required by this Agreement as promptly as possible once accurate information becomes available evidencing that either Party is entitled to an

adjustment. Adjustments will be made on a basis mutually acceptable to the Parties. The Party entitled to the adjustment shall make written demand on the other Party for the adjustment within one year after the Transfer Date and shall provide a reasonably detailed explanation of the basis for the demand and all supporting documentation. The Parties shall promptly pay each other any corrected proration or adjustment amounts.

4.3.7. Telecommunication Services. As of the Transfer Date, telecommunication services, including telephone, voicemail, computer networking, and wireless communications, are provided to the Superior Court by the County. Components of the County's telecommunication system include wiring, switches, routers, optical fibers, power supplies, cable modems, and antennas (collectively, the "**County Telecommunication Equipment**"), all of which will remain the sole personal property of the County notwithstanding the Transfer of Responsibility.

(a) Cooperation: Interference With or Damage To County Telecommunication Equipment. The Council agrees to cooperate fully with the County to ensure that the County has ingress, egress, and access to each and every area of the Court Facility in which any of the County Telecommunication Equipment, or any component thereof or connection thereto, is located, for the purpose of the County's continued operation, use, maintenance, repair, replacement, and expansion of its telecommunication system. The Council shall endeavor to ensure that no action of the State Parties, including facility alterations or upgrades, or other activities that may affect the electrical power or the controlled environment for various components of the telecommunication system, causes damage to any of the County Telecommunication Equipment, or interferes with the telecommunication services provided by the County. If any of the State Parties cause damage to any of the County Telecommunication Equipment or interference with the telecommunication services provided by the County, the County may make the necessary repairs or replacements and the Council shall be responsible for all costs incurred by the County associated with such repair or replacement.

(b) Council's Right to Provide Alternate Telecommunication System. The Parties agree that the Council may at any time provide a telecommunication system that replaces all or part of the County-provided telecommunication service, and at the County's sole discretion, existing wiring or other components may be used by the Superior Court or the Council for the replacement system. The fact that the Council may replace part of the County systems in no way limits the Council's responsibility to ensure that the County continues to have access to the remaining County Telecommunication Equipment located in the Court Facility. If however, the Council replaces all of the County-provided telecommunication service, the

County shall have no further access to, or responsibility or liability for, the County Telecommunication Equipment in the Court Facility.

4.3.8. Superior Court Parking. The County and the Superior Court have agreed that the Superior Court Parking satisfies any obligations the County may have under section 70330 of the Act in respect of the Court Facility. For clarification, the Superior Court Parking includes all parking spaces required by the County Sheriff for all activities under the Security Services MOU.

4.3.9. Relief from Section 70311 Obligations. Effective upon the Transfer Date, the Council confirms and agrees that the County shall be, and is, relieved of any responsibility under section 70311 of the Act for providing to the Superior Court those necessary and suitable court facilities currently located in the Building and the Superior Court Parking on the Effective Date, except as specifically provided in this Agreement and the Act.

4.3.10. Miles Court Order. The County shall perform, at the County's sole cost, the work necessary for initial compliance with the Miles Court Order and, solely as between the Council and the County, the Council shall thereafter be responsible to maintain the Court Facility in compliance with the requirements of the Miles Court Order at the Council's sole cost, including any costs of upgrades triggered by alteration or repair work, and the County shall have no further obligation.

4.3.10.1 No Effect on Lessor Obligations. Nothing in this section 4.3.10 is intended to or will waive, release, limit, or otherwise affect any obligations, liabilities, or responsibilities of the Lessor, under the Lease or at Law, to perform or pay for any work necessary to maintain the Building, including the Court Facility, in compliance with State, federal, and local laws for the protection of disabled persons, nor does anything in this section 4.3.10 in any manner limit or diminish the Council's right to enforce such obligations, liabilities, or responsibilities.

5. THE CLOSING

5.1. The Transfer of Responsibility. The Transfer Date will occur on the Effective Date. The Transfer Date will not be affected by the date of delivery of this Agreement or the County Authorizing Document.

5.2. Conditions for Transfer of Responsibility. Neither of the Parties shall be obligated to consummate the Transfer of Responsibility unless the following conditions are satisfied or waived prior to the Transfer Date. The conditions for the benefit of the

County may be waived only by the County, and the conditions for the benefit of the Council may be waived only by the Council.

5.2.1 Conditions for the Benefit of the Council. All of the County's representations and warranties in this Agreement must be accurate and complete in all material respects as though made on the Transfer Date; the County shall not have breached any of the County's representations, warranties, or covenants in this Agreement; and there must be no County Event of Default under this Agreement nor any circumstance which, but for the passage of time or the giving of notice or both, would constitute a County Event of Default as of the Transfer Date.

5.2.2 Conditions for the Benefit of the County. All of the Council's representations and warranties in this Agreement must be accurate and complete in all material respects as though made on the Transfer Date; the Council shall not have breached any of the Council's representations, warranties, or covenants in this Agreement; and there must be no Event of Default by the Council or the AOC under this Agreement nor any circumstance which, but for the passage of time or the giving of notice or both, would constitute an Event of Default by the Council or the AOC as of the Transfer Date.

5.3. Delivery of Signed Agreement and County Authorizing Document. The County shall deliver signed originals of this Agreement, as well as a copy of the County Authorizing Document, to the Council within 10 business days after the Effective Date.

5.4. Delivery of Possession. On the Transfer Date, the County shall deliver to the Council custody and control over the Court Facility.

6. COUNTY FACILITIES PAYMENT

The amount of the County Facilities Payment approved by the DOF is $64,332, which amount is subject to adjustment as provided in the Act. The terms of Article 5 of the Act govern the County's payment of the County Facilities Payment to the Controller. All rights, obligations, and remedies of the Parties pertaining to the County Facilities Payment are governed solely by the Act, and neither Party has any other or additional rights, obligations, or remedies in respect of the County Facilities Payment under or by virtue of this Agreement.

7. REPRESENTATIONS AND WARRANTIES

The County, in its proprietary capacity as the lessee under the Lease, and the Council, by and through the AOC, hereby make the representations and warranties in this section 7 to one another effective on the Effective Date. Each Party shall give written notice to the other within five business days of its discovery of any facts or circumstances that would render any information contained in its own representations and warranties in this Agreement incomplete, untrue, or misleading.

7.1. The County's Representations and Warranties. The phrase "to the best of the County's knowledge" or words of similar import, means the actual knowledge, after reasonable independent investigation and inquiry, of the County Chief Executive Officer's Manager for Asset Planning and Strategy, and the County represents that this is the person within the County most knowledgeable with respect to the matters described in the County's representations and warranties.

7.1.1 Authority. The County Authorized Signatory has been duly authorized and empowered by the County Board of Supervisors to execute this Agreement on behalf of the County, and the County has taken all steps and obtained all approvals required to authorize and empower the County to sign and perform its obligations under this Agreement.

7.1.2 Due Execution and Delivery. This Agreement is the legal, valid, and binding obligation of the County and is fully enforceable against the County.

7.1.3 No Conflict. This Agreement does not violate any provision of any existing agreement, obligation, or court order to which the County is a party or by which the County or any of its assets is subject or bound. No other action of any governmental agency or authority is required for, and the County has no actual knowledge of any Law in effect which would prohibit, the County's execution, delivery, or performance of its obligations under this Agreement.

7.1.4 Title to Leasehold Interest. Other than the rights and interests of the Lessor: (1) to the best of the County's knowledge, no Third Party has any title or interest in or right to occupy or use the Court Facility; and (2) the County has not granted, conveyed, or otherwise transferred to any Third Party any present or future right, title, or interest in or to the Court Facility or the Lease.

7.1.5 Title to Personal Property. To the best of the County's knowledge, as of the Effective Date, there is no Tangible Personal Property or Intangible Personal Property.

7.1.6 No Disputes. To the best of the County's knowledge, there are no Disputes pertaining to the Lease or the Court Facility.

7.1.7 No Violations of Law. The County has no actual knowledge of, nor has the County received any written notice from any State, federal, or other governmental or quasi-governmental authority relating to any violation of Law, whether or not appearing in public records, with respect to the Court Facility, which violation has not been corrected to the satisfaction of the State, federal, or other governmental or quasi-governmental authority that issued the notice.

7.1.8 No Condemnation. The County has not received written notice of any pending modification of a street or highway contiguous to the Building, or of any existing or proposed eminent domain proceeding that would, if pursued to completion, result in a taking of any part of the Building.

7.1.9 No Environmental Violations. Except as set forth in the Property Disclosure Documents or in any environmental assessments or investigations of the Building, the Superior Court Parking, or the real property on which they are located performed by the Council or the AOC prior to the Transfer Date, the County has received no notice from a Third Party (including the Lessor) of: (i) the actual, threatened, or suspected presence of any Hazardous Substance, except for any Hazardous Substance used or held in conformity with Law, or (ii) any existing violations of Law, in, on, under, adjacent to, or affecting the Court Facility or the Building.

7.1.10 Full and Accurate Disclosure. To the best of the County's knowledge, the County provided to the Council and the AOC all available Property Disclosure Documents requested by the AOC within the County's possession, custody, or control. The County maintains the Property Disclosure Documents in its ordinary course of business.

7.1.11 Tenant Improvements Completed. To the best of the County's knowledge, the County has completed, and the Lessor has accepted, all Tenant Improvements, if any, required or permitted by the Lease.

7.1.12 Special Circumstances. The County has not undertaken or commenced any Pending Projects in or to the Court Facility, and the Building is not an

"historical building" as defined in section 70301(f) of the Act. Subject to section 4.3.10 of this Agreement, the County acknowledges that it has obligations under the Miles Court Order to perform the work necessary to make certain modifications to the Court Facility, and subject to the Council's obligations under section 4.3.10 of this Agreement, the County has completed or will complete all such work, at the County's sole cost, for initial compliance with the requirements of the Miles Court Order.

7.1.13 No Occupancy Agreements. To the best of the County's knowledge, there are no agreements in effect that provide for occupancy, possession, or use of any space in the Court Facility by any Third Party.

7.2. The Council's Representations and Warranties. The phrase "to the best of the Council's knowledge," or words of similar import, means the actual knowledge, after reasonable independent investigation and inquiry, of the Director of the AOC's Office of Court Construction and Management, and the Council hereby represents that this is the person most knowledgeable with respect to the matters described in the Council's representations and warranties.

7.2.1 Good Standing. The Council is an entity established by the Constitution of the State, and the AOC is the staff agency to the Council. Both the Council and the AOC are validly existing under the Law of the State.

7.2.2 Authority. The AOC is authorized by Rule 10.183(d)(2), California Rules of Court, to act on behalf of the Council in respect of the approval of this Agreement.

7.2.3 Due Execution and Delivery. This Agreement executed by the AOC on behalf of the Council is the legal, valid, and binding obligation of the Council and the AOC and is fully enforceable against the Council and the AOC.

7.2.4 No Conflict. This Agreement does not violate any provision of any agreement, obligation, or court order, to which the Council or the AOC is a party or by which the State Parties, or any of their respective assets, are subject or bound. No other action of any governmental agency or authority is required for, and the Council has no actual knowledge of any Law in effect which would prohibit, the Council's execution, delivery, or performance of its obligations under this Agreement.

7.2.5 Sections 70326(b)(1), (2), and (3). The Council has determined that, as of the Effective Date, the Court Facility is not deficient under sections 70326(b)(1), (2), and (3) of the Act.

8. INDEMNITIES

8.1. The Council's Indemnities. Except as provided in section 8.3, below, to the fullest extent permitted by Law, the Council indemnifies, defends, and holds harmless the County Parties against all liability, damages, attorney fees, costs, expenses, or losses (referred to in this section 8 as "**Indemnified Loss**") asserted against the County Parties, arising out of the following:

8.1.1 Obligations. Any breach by the Council or the AOC, or both, of its or their obligations set forth in this Agreement;

8.1.2 Representations and Warranties. Any knowing and willful inaccuracy in any of the Council's representations and warranties contained in section 7.2 of this Agreement where and to the extent that such knowing and willful inaccuracy relates to a matter that, if known to the County prior to the Transfer Date, would have been material to the County's completion of the Transfer of Responsibility under the Act; and

8.1.3 Council and AOC Responsibilities. Any claim, demand, litigation, arbitration or other dispute-resolution proceeding between the Council, the AOC, or both, on the one hand, and a Third Party, on the other hand, that is first asserted or commenced on or after the Transfer Date, and the factual basis for which arises from events or occurrences that took place on or after the Transfer Date, or from the State Parties' possession, use, Operation, or management of, or responsibility for, the Court Facility on or after the Transfer Date.

8.2. The County's Indemnities. Except as provided in section 8.3, below, to the fullest extent permitted by Law, the County indemnifies, defends, and holds harmless the State Parties, against all Indemnified Loss asserted against the State Parties, arising out of the following:

8.2.1 Obligations. Any breach by a County Party of its obligations set forth in this Agreement;

8.2.2 Representations and Warranties. Any knowing and willful failure by the County to disclose to the Council or the AOC any document or information concerning the Court Facility or the Lease that, if known to the Council or the AOC prior to the Transfer Date, would have been material to the Council's acceptance of the Transfer of Responsibility under the Act, and any knowing and willful inaccuracy in any of the County's representations and warranties contained in section 7.1 of this

Agreement, where and to the extent that such knowing and willful inaccuracy relates to any matter that, if known to the Council or the AOC prior to the Transfer Date, would have been material to the Council's acceptance of the Transfer of Responsibility under the Act;

8.2.3 County Responsibilities. (a) Any claim, demand, litigation, arbitration, or other dispute-resolution proceeding between the County and a Third Party that is pending or threatened prior to the Transfer Date, or related to the County's possession, use, Operation, management of, or responsibility for, the Court Facility prior to the Transfer Date, and (b) any claim, demand, litigation, arbitration, or other dispute-resolution proceeding that is first asserted or commenced by a Third Party after the Transfer Date, but the factual basis for which arises from events or occurrences that took place prior to the Transfer Date, and pertain to the County's possession, use, Operation, or management of, or responsibility for, the Court Facility prior to the Transfer Date; and

8.2.4 CERCLA. The County acknowledges that it has certain indemnification obligations in respect of the Court Facility under section 70393(d) of the Act.

Nothing in this Agreement will in any manner be deemed or construed as an admission by the County to any Third Party that the County has any obligation, responsibility, or liability of any kind or nature whatsoever as to the environmental condition of the Building, or the real property on which the Building is located, under CERCLA or any other Law, except that the County confirms that this provision does not alter, diminish, or negate the County's obligation to indemnify the State in accordance with the terms of section 70393(d) of the Act.

8.3. Indemnity Exclusions. Neither Party is entitled to be indemnified, defended, or held harmless by the other Party under this Agreement in respect of any event, circumstance, or condition that arises from its own negligence or willful misconduct. The obligations of a Party under section 8.1 or 8.2 of this Agreement, as applicable, will in no event release the other Party from, or diminish its obligation to fully and faithfully perform, its duties under this Agreement or any other agreement.

9. RIGHT TO AUDIT

The County shall maintain all records relating to this Agreement in compliance and consistent with applicable Law. The County shall also maintain an accounting system, supporting fiscal records, and agreements related to the Court Facility or the Lease, including the Property Disclosure Documents, adequate to ensure that all claims

and disputes arising under this Agreement can be resolved in accordance with the requirements of this Agreement and the Act, for the period of time generally required by applicable Law. The AOC may audit or inspect those County records upon reasonable prior notice.

10. DEFAULT NOTICE AND CURE

Upon the occurrence of a breach or default by the Council or the County of any provision of this Agreement, the non-defaulting Party shall provide written notice to the defaulting Party of the breach or default ("**Default Notice**"). Upon receipt of the Default Notice, the defaulting Party will have 30 calendar days to cure the breach or default described in the Default Notice and to provide evidence of that cure to the non-defaulting Party. If the breach or default is not capable of cure within the 30 calendar day period, then no breach or default can be deemed to have occurred so long as the defaulting Party promptly begins and diligently and continuously performs the cure to completion within a reasonable time period, not to exceed 90 calendar days from commencement of the cure ("**Cure Period**"). If the defaulting Party does not provide evidence of the cure to the non-defaulting Party within the Cure Period, then the defaulting Party shall be deemed to have committed an "**Event of Default,**" and the non-defaulting Party shall have the right, but not the obligation, to pursue its rights with respect to resolution of disputes under section 11 of this Agreement. The Parties may mutually agree to commence the dispute resolution procedures in section 11 of this Agreement before the end of the Cure Period.

11. DISPUTE RESOLUTION

11.1. Unassisted Negotiation; Mediation. In the event of a dispute between the Parties relating to performance of the Parties' obligations under this Agreement, or any aspect of the Transfer of Responsibility contemplated in this Agreement, the Parties shall, before exercising any other right or remedy for resolution of the dispute, meet and confer in good faith to attempt to resolve the dispute through unassisted negotiation. Each of the Parties must be represented in any such negotiating session by a representative who is familiar with the facts of the dispute, and who has authority to negotiate on behalf of, and to effectively recommend settlement to, the Party that he or she represents. If the dispute concerns a matter within the jurisdiction of the Court Facilities Dispute Resolution Committee ("**CFDRC**"), established by section 70303 of the Act, the Parties must first conclude their unassisted negotiation with respect to the dispute before either of the Parties may commence a dispute resolution proceeding before the CFDRC.

11.2. Referral to CFDRC. After compliance with the terms for unassisted negotiation provided in section 11.1 of this Agreement, any unresolved dispute involving

any of the matters set forth in sections 70303(c)(1) through (5) of the Act will be referred to the CFDRC for hearing and recommendation to the Director of Finance, as contemplated in the Act and in accordance with the CFDRC regulations.

12. NOTICES

Any notice or communication required to be sent to a Party pursuant to this Agreement must be sent in writing by personal delivery (including overnight courier service), certified U.S. mail, postage pre-paid and with return receipt requested, or facsimile transmission, sent during regular business hours of the recipient, to the Parties at their addresses or fax numbers indicated below. Routine exchange of information may be conducted via telephone, facsimile, or electronic means, including e-mail.

If to the Judicial Council:

Administrative Office of the Courts
Office of Court Construction and Management
Attention: Portfolio Administration Analyst for the
Southern Regional Office
455 Golden Gate Avenue, 8th Floor
San Francisco, CA 94102
Voice: 415-865-4053
Fax: 415-865-8885

With a copy to:

Administrative Office of the Courts
Office of Court Construction and Management
Attention: Manager, Real Estate
455 Golden Gate Avenue
San Francisco, CA 94102
Voice: 415-865-4048
Fax: 415-865-8885

In addition, all audit requests and notices by the County relating to termination of this Agreement or an alleged breach or default by the Council or the AOC of this Agreement shall also be sent to:

Administrative Office of the Courts
Attention: Senior Manager, Business Services
455 Golden Gate Avenue
San Francisco, CA 94102-3688
Voice: 415-865-4090
Fax: 415-865-4326

If to the County:

County of Los Angeles
Board of Supervisors
383 Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

With a copy to:

County of Los Angeles
Chief Executive Officer
Attention: Manager, CEO
Asset Planning and Strategy
754 Hall of Administration
500 West Temple Street
Los Angeles, CA 90012
Voice: 213-893-2476
Fax: 213-626-7827

A Party may change its address for notice under this Agreement by giving written notice to the other Party in the manner provided in this section 12. Any notice or communication sent under this section 12 will be deemed to have been duly given as follows: (1) if by personal delivery, on the date actually received by the addressee or its representative at the address provided above; or (2) if sent by certified U.S. mail, return receipt requested, on the first business day that is at least three calendar days after the date deposited in the U.S. Mail; or (3) if sent by facsimile transmission, upon electronic confirmation of good receipt by the receiving facsimile machine, except that facsimile notice received after normal business hours of the recipient will be deemed received at 9:00 a.m. on the first business day after the date on which the facsimile notice was confirmed electronically.

13. SURVIVAL OF TERMS AND PROVISIONS

This Agreement will survive and remain in full force and effect notwithstanding the Transfer of Responsibility. In the event of the termination of this Agreement prior to the Transfer Date, all documents, other tangible objects, and information containing or representing confidential or proprietary information disclosed by one Party to the other, and all copies that are in the possession or under the control of the other Party will be and remain the property of the Party that disclosed the documents, objects, and information, and all those documents and other tangible objects will be promptly returned to the Party that disclosed them at that Party's written request.

14. MISCELLANEOUS

14.1. Amendments. This Agreement may be amended only by written agreement signed by both of the Parties.

14.2. Waivers. No waiver of any provision of this Agreement will be valid unless it is in writing and signed by the Party making such waiver. Waiver by either Party at any time of any breach of this Agreement cannot be deemed a waiver of or a consent to a breach of any other provision of this Agreement or a consent to any subsequent breach of the same or another provision of this Agreement. If a Party's action requires the consent or approval of the other Party, that consent or approval on any one occasion cannot be deemed a consent to or approval of that action on any subsequent occasion or a consent or approval of any other action.

14.3. Force Majeure. Neither Party will be responsible for performance in accordance with the terms of this Agreement to the extent performance is prevented, hindered, or delayed by fire, flood, earthquake, elements of nature, acts of God, acts of war (declared and undeclared), riots, rebellions, revolutions, or terrorism, whether foreseeable or unforeseeable.

14.4. Assignment. Neither Party may assign this Agreement in whole or in part, whether by operation of law or otherwise, to any other entity, agency, or person without the prior written consent of the other Party. Even if that consent is given, any assignment made in contravention of any Law will be void and of no effect.

14.5. Binding Effect. This Agreement binds the Parties and their permitted successors and assigns.

14.6. Third Parties Benefited. The Superior Court is an intended beneficiary of all provisions of this Agreement for the benefit of the Council. Neither the Lessor nor any other Third Party is a third party beneficiary of the terms of this Agreement.

14.7. Governing Law. This Agreement, and the Parties' performance under this Agreement, will be exclusively governed by the laws of the State without regard to its conflict of law provisions.

14.8. Construction. The headings used in this Agreement are for convenience only and will not affect the meaning or interpretation of this Agreement. The word "or" when used in this Agreement, is inclusive, and can mean both. This Agreement will not be construed against either Party as the principal draftsperson. The words "include" and "including" when used are not exclusive and mean "include, but are not limited to" and "including but not limited to," respectively. The capitalized terms used in this Agreement have the meanings ascribed to them in this Agreement.

14.9. Integration. This Agreement contains the entire agreement of the Parties with respect to the Transfer of Responsibility, and supersede all previous communications, representations, understandings, and agreements, whether verbal, written, express, or implied, between the Parties.

14.10. Incorporation By Reference. The factual recitals and the Exhibit contained in or attached to this Agreement are all incorporated into and made a part of this Agreement for all purposes, and all references to this Agreement in any of the recitals or the Exhibit will be deemed to include the entirety of this Agreement.

14.11. Severability. If a term of this Agreement is inconsistent with applicable Law, then on the request of either Party, the Parties shall promptly meet and confer to determine how to amend the inconsistent term in a manner consistent with Law, but all parts of this Agreement not affected by the inconsistency will remain in full force and effect.

14.12. Further Assurances. The Parties agree to cooperate reasonably and in good faith with one another to (i) implement the terms and provisions set forth in this Agreement and the Act, and (ii) consummate the transactions contemplated herein, and shall execute any further agreements and perform any additional acts that may be reasonably necessary to carry out the purposes and intent of this Agreement and the Act.

IN WITNESS WHEREOF, the Parties enter into this Agreement as of the Effective Date.

APPROVED AS TO FORM:
Administrative Office of the Courts
Office of the General Counsel

By: Rachel Dragolovich
Name: Rachel Dragolovich, Attorney

JUDICIAL COUNCIL OF CALIFORNIA

By: _____
Name: Grant Walker
Title: Senior Manager, Business Services
Administrative Office of the Courts

ATTEST:
Sachi A. Hamai
Executive Officer, Board of Supervisors

By: _____
Deputy

COUNTY OF LOS ANGELES, a body corporate and politic

By: _____
YVONNE B. BURKE
Chair, Board of Supervisors

Approved as to Form:
RAYMOND G. FORTNER, JR.
County Counsel

By: _____ for TF
Principal Deputy County Counsel

EXHIBIT

Exhibit "A" – Categories of Property Disclosure Documents

EXHIBIT

Exhibit "A"– Categories of Property Disclosure Documents

EXHIBIT "A"

CATEGORIES OF PROPERTY DISCLOSURE DOCUMENTS

1 - Material Agreements

Contracts related to title, use, occupancy or condition of court facility requiring more than 30 days prior notice to terminate and annual payment from or to the County of more than $25,000)

2 - Structural/Physical Condition

(i) Documents describing repairs or maintenance made or required

(j) Documents reflecting the age and condition of the building roofs and the systems and equipment installed in or affixed to each court facility including HVAC, security systems, intercom or other internal communications systems, fire life safety systems, elevators and escalators

(l) Fire/Life/Safety Compliance Documents

3 - Environmental

(a) Phase I or Phase II environmental site assessments

(b) Asbestos and mold reports

(c) Radon, methane gas or other air quality studies

(h) Remedial action plans

(i) Notices from and correspondence with any governmental body relating to compliance with environmental laws

(j) No further action (NFA) letters

(k) Environmental covenants and restrictions

(n) Permits or licenses related to environmental compliance

(o) Documents and inspection reports related to underground or above-ground storage tanks

(p) County's written disclosures to/from third parties regarding environmental conditions

5 - Compliance

(b) Inspection certificates for elevators, escalators, fire safety equipment and other building systems

(e) Licenses for software and other proprietary materials to be transferred

(f) Notices and correspondence concerning actual or claimed violations of law related to real property or building

6 - Occupancy

(a) Leases, subleases and rental agreements

(b) Licenses for use of land, building or personal property

(c) Occupancy or use arrangements (verbal or written)

(d) Notices and material correspondence related to any lease, sublease, rental agreement, license or other occupancy or use arrangements

7 - Intangible Rights and Obligations

(a) Written/verbal contract rights and commitments (e.g., leases for equipment, signage or other personal property, vending machine rental or purchase agreements, service or maintenance contracts, vendor agreements, contracts for or related to the development, design, construction, ownership, repair, maintenance, operation, upkeep and/or inspection of all or any part of the real or personal property to be transferred)

(b) Software license agreements or arrangements to be transferred

(c) Warranties, permits, licenses, certificates, guaranties and suretyship agreements and arrangements, indemnification rights, and any unresolved claims or demands made on any such warranties, indemnification rights, guaranties and/or suretyship agreements

(d) Commitments, deposits and rights for utilities

(e) Engineering, accounting, legal and other technical or business data concerning the real or personal property to be transferred, and title documents and information concerning any tangible personal property to be transferred

(f) Deposits, deposit accounts and escrow accounts arising from or related to any transactions related to the land, building or intangible personal property, and rights to receive refunds or rebates of impact fees, assessments or charges, premiums

(j) Amendments, addenda, exhibits, appendices, attachments, schedules, riders, modifications, renewals, extensions and other changes or additions of every kind to any of (a) through (i) above

8 - Insurance Coverage, Damage or Loss, Claims

(a) Proceeds arising from any damage to or loss of all or any part of the court facility, including any commercial tort claims arising from or related to any such damage or loss

(b) Documentation of and written materials relating to any self-insurance programs covering all or any of the real or personal property to be transferred

9 - Condemnation

(a) Claims, demands for mediation, arbitration or other dispute resolution procedure, causes of action or complaints received in connection with any actual or proposed condemnation or eminent domain proceeding affecting the court facility

(b) Proceeds to which the County is or may be entitled related to the taking of any part of the land or building by condemnation, eminent domain or transfer in lieu of condemnation or eminent domain, for public or quasi-public use under any law

10 - Litigation

Brief written description of each pending or threatened claim, liability, litigation, arbitration, mediation, administrative proceeding, settlement negotiation or other dispute resolution proceeding involving, related to or affecting the court facility

11 - Excluded Documents

If there are materials that are responsive to the AOC's document and information requests, but which the County believes it may not disclose to the AOC for reasons of attorney-client privilege, attorney work product privilege or confidentiality obligations, the AOC requests that the County provide the AOC with a written list setting forth the title and general subject matter of each such document.

SPECIAL CONSIDERATIONS

C - Pending Projects (see §§770326(d) and 70331 of SB 1732)

(a) Written approval by the County's Board of Supervisors for the pending project

(b) Resolutions or ordinances approved by the County allocating, approving, appropriating or committing funds for the applicable phases of a pending project

(c) Contracts or agreements entered into, or under negotiation, by the County for a pending project

(d) Written description of the source and amount of all County funds allocated, approved, appropriated or committed for a pending project and the terms and conditions applicable to the County's use of such funds

(e) Draft/final plans, specifications, energy or structural calculations, drawings, maps and surveys depicting or related to a pending project

(f) Permits and approvals given by any governmental body for a pending project, and/or completed applications for required permits or approvals for a pending project, including CEQA documents

(g) Bids, estimates, proposals, responses to requests for proposals or other documents reflecting proposed pricing for labor and/or materials for any one or more of the pending projects

(h) Materials related to the approval, permitting, funding, planning, implementation, performance and/or completion of the pending project

AOC Facility #19-D-1
County LACO # A117, A374, A375
Redondo Beach Courthouse TA
117 W. Torrance Boulevard, Redondo Beach, CA 90277

TRANSFER AGREEMENT

BETWEEN THE JUDICIAL COUNCIL OF CALIFORNIA,

by and through

THE ADMINISTRATIVE OFFICE OF THE COURTS,

AND THE COUNTY OF LOS ANGELES

FOR THE TRANSFER OF RESPONSIBILITY FOR

AND TRANSFER OF LEASEHOLD INTEREST IN

THE REDONDO BEACH COURTHOUSE

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TRANSFER AGREEMENT

1. PURPOSE

The Judicial Council of California, an entity established by the Constitution of the State of California (the "**Council**"), by and through the Administrative Office of the Courts, staff agency to the Council (the "**AOC**"), and the County of Los Angeles, a body corporate and politic (the "**County**"), establish this Transfer Agreement, as of _____, 2008 (the "**Effective Date**"), and set forth the terms and conditions for the Transfer of Responsibility for funding and Operation of the Court Facility commonly known as the Redondo Beach Courthouse, including the transfer of the County's Leasehold Interest to the Council.

2. BACKGROUND

The Lockyer-Isenberg Trial Court Funding Act of 1997 (Chapter 850, Statutes of 1997) provides for transfer of the primary obligation for funding of court operations from the counties to the State. The restructuring of funding for trial court operations accomplished by the Lockyer-Isenberg Trial Court Funding Act of 1997 ended a dual system of county and state funding of, and created a more stable and consistent funding source for, trial court operations. The Trial Court Facilities Act of 2002 was adopted to provide for the transfer of responsibility for funding and operation of trial court facilities from the counties to the Council. The Parties enter into this Agreement to implement the provisions of the Act as it exists on the Effective Date.

3. DEFINITIONS

"**Act**" means, as of the Effective Date, the Trial Court Facilities Act of 2002 (Chapter 1082, Statutes of 2002), as amended by later statutes.

"**Agreement**" means this Transfer Agreement, together with the attached Exhibits.

"**Assignment**" means the document titled "Assignment and Assumption of Lease" that is attached to this Agreement as **Exhibit "A".**

"**Building**" means the buildings at 105, 109 and 117 W. Torrance Boulevard, Redondo Beach, California 90277, in which the Court Facility is located.

"**Controller**" means the State Controller.

"**Council Authorized Signatory**" means the AOC's Senior Manager, Business Services, Grant Walker.

"**County Authorized Signatory**" means the person or persons authorized by the County Board of Supervisors to execute this Agreement and the Assignment as designated in the County Authorizing Document.

"**County Authorizing Document**" means a copy of a certified order by the County Board of Supervisors evidencing that the County has taken all steps and obtained all approvals required to: (1) authorize the County Authorized Signatory to execute this Agreement and the Assignment on behalf of the County; and (2) authorize the County to perform its obligations under this Agreement and the Assignment.

"County Board of Supervisors" means the governing body of the County.

"**County Facilities Payment"** means the payments the County must make to the Controller with respect to the Court Facility under Article 5 of the Act.

"County Parties" means the County, and its officers, agents, and employees.

"**Court Facility**" means the trial court facility commonly known as the Redondo Beach Courthouse, located in the Building, the County's rights, under the Lease, to use in common with others the Building's common areas, stairwells, elevators, and restrooms on the terms set forth in the Lease, and all rights and interests of the County or the Superior Court in all fixtures and Tenant Improvements (whether installed by the Lessor or the County), if any, existing in the Court Facility as of the Transfer Date.

"**Dispute**" means each and every pending or threatened claim, liability, litigation, arbitration, mediation, administrative proceeding, settlement negotiation, or other dispute-resolution proceeding between the County and any Third Party, related to the Leasehold Interest or responsibility for, or Operation or use of, the Court Facility.

"**DOF**" means the State Department of Finance.

"Hazardous Substance" means any hazardous or toxic material, substance, or waste that is regulated or governed by any Law.

"**Intangible Personal Property**" means all of the County's: (1) agreements or arrangements for the operation of the Building Equipment; (2) warranties, permits, licenses, certificates, guaranties, and suretyship agreements and arrangements, and indemnification rights in favor of the County with respect to the Court Facility; (3) commitments, deposits, and rights for utilities relating to the Court Facility to the extent related to the period on and after the Transfer Date; (4) engineering, accounting, title, legal, and other technical or business data concerning the Court Facility or any Tangible Personal Property; (5) deposits, deposit accounts, and escrow accounts arising from or

related to any transactions related to the Leasehold Interest or any Tangible Personal Property, and rights to receive refunds or rebates of impact fees, assessments, charges, premiums, or other payments made by the County in respect of the Leasehold Interest, if these refunds or rebates relate to the period on or after the Transfer Date; or (6) all other intangible rights, interests, and claims of the County which are a part of or related to the Leasehold Interest or any Tangible Personal Property.

"Law" means State and federal codes, ordinances, laws, regulations, the California Rules of Court, and judicial and administrative orders and directives, to the extent binding on the County, the Council, the AOC, the Superior Court, or the Leasehold Interest, and issued by a court or governmental entity with jurisdiction over the County, the Council, the AOC, the Superior Court, or the Leasehold Interest.

"**Lease**" means County Lease #75601 for the Court Facility between the County and the Lessor, dated as of December 1, 2005, and all amendments and addenda to the Lease.

"**Leasehold Interest**" means all of the County's rights and interest in the Building, the Court Facility, and the Tenant Improvements, if any, granted by the Lease.

"**Lessor**" means the Pier Plaza Investments, LLC, a Delaware Limited Liability Company.

"**Material Agreements**" means any and all agreements, contracts, or understandings (written or unwritten) between the County and any Third Party relating to the Lease or the Leasehold Interest (1) for which termination requires advance notice by a period of or exceeding 30 calendar days, or (2) that obligate the County to make payment, or entitle the County to receive payment, exceeding $25,000 within any fiscal year.

"Miles Court Order" means the executed Master Stipulation and Order Regarding Class Action Settlement filed on January 31, 2006 in the matter captioned *Miles, et al. v. County of Los Angeles, et al.*, USDC-CD No. CV 02-03932.

"**Operation**" means the administration, management, maintenance, and repair of designated areas of the Court Facility.

"**Party**" means either of the Council or the County, and "**Parties**" means the Council and the County together.

"Pending Projects" means any pending or in-process maintenance project or other project involving the Court Facility under sections 70326(d) or 70331(c) of the Act.

"**Property Disclosure Documents**" means all documents, including Material Agreements, that provide material information relative to the title, ownership, use, occupancy, or condition of the Court Facility, or any rights, benefits, liabilities, obligations, or risks associated with the Court Facility, the Leasehold Interest, or the Lease. A list of the categories of Property Disclosure Documents is attached as **Exhibit "B"**.

"Security Services MOU" means the Memorandum of Understanding and Comprehensive Court Security Plan between the County Sheriff's Department and the Superior Court executed in March and April, 2004 by the parties, respectively, as extended by that Extension To Agreement executed in June 2007, and as amended or replaced from time to time.

"**State**" means the State of California.

"**State Parties**" means the State of California, the Council, the AOC, and the Superior Court, and each of their respective officers, agents, and employees.

"**Superior Court**" means the Superior Court of California, County of Los Angeles.

"**Tangible Personal Property**" means any unaffixed item that is, on the Transfer Date, owned by the County and located on or in, or used in and is necessary to the Operation of, the Court Facility, except that it does not include any tangible personal property of the County necessary to provide telecommunications services.

"**Tenant Improvements**" means all improvements and modifications to the Court Facility or the Building that are for the benefit of the County or the Superior Court in accordance with the Lease.

"**Third Party**" means any person, entity, or governmental body other than a State Party or a County Party.

"**Transfer Date**" means the first day of the first month immediately following the Effective Date.

"**Transfer of Responsibility**" means the County's full and final grant, transfer, absolute assignment, and conveyance to the Council, and the Council's full and final acceptance and assumption of, entitlement to, and responsibility for, all of the County's rights, duties, and liabilities arising from or related to the Leasehold Interest, the Lease, and the Court Facility, in accordance with this Agreement, except that the Transfer of Responsibility will not include those duties and liabilities expressly retained by the

County under this Agreement and the Act, or any responsibility for Disputes arising from or related to facts or circumstances occurring prior to the Transfer Date. The term Transfer of Responsibility includes the transfer of the Leasehold Interest to the Council.

4. RESPONSIBILITIES AFTER TRANSFER OF RESPONSIBILITY

4.1. Transfer of Responsibility. On the Transfer Date, the Transfer of Responsibility for the Court Facility from the County to the Council will occur under the terms of this Agreement and the Assignment.

4.2. General Responsibilities after Transfer of Responsibility. Upon the Transfer of Responsibility, the Parties shall have the general rights, duties, and liabilities set forth in the Act in respect of the Court Facility, except as may be expressly delegated by the Parties in this Agreement or the Assignment.

4.3. Specific Responsibilities After Transfer of Responsibility. The Parties shall have the following specific rights, duties, and liabilities after the Transfer of Responsibility:

4.3.1 Insurance. Notwithstanding the Transfer of Responsibility, the State Parties will not be obligated to provide insurance coverage obtained from a Third Party for the Court Facility except if and as required under the terms of the Lease. The State Parties shall continue to be solely liable for all personal property owned or leased by a State Party located on or in the Building. The County shall continue to be solely liable for all County owned or leased personal property located on or in the Building, including any such personal property that is required to provide telecommunications services to the Superior Court. However, this liability will not limit the County from including costs related to repair, upgrade, or replacement of such County owned or leased personal property necessary for telecommunications services in its charges to the Superior Court for those services.

4.3.2 Correspondence. The County shall direct to the AOC's Office of Court Construction and Management consistent with section 12 of this Agreement all correspondence, invoices, and information that the County receives from Third Parties (other than any State Parties) related to the Operation of the Court Facility for the period on and after the Transfer Date to the extent that the Superior Court is not also a recipient of such correspondence, invoices, and information.

4.3.3 Leasehold Interest. The Council shall be responsible for all County obligations under the Lease and in respect of the Leasehold Interest in accordance with the Assignment, and the County shall be responsible to pay all rent and other

charges arising under the Lease and in respect of the Leasehold Interest related to all periods prior to the Transfer Date.

4.3.4 Disputes. The County shall promptly notify the Council in writing of any Dispute that arises after the Transfer Date that concerns or alleges: (1) acts or omissions of the County committed at any time prior to the Transfer Date related to the Lease or the Leasehold Interest; or (2) an event or incident to which the County's indemnification obligations in section 8.2 of this Agreement do or may apply. The County shall manage and be responsible to resolve those Disputes, but the Council may elect, but is not required, to retain its own attorney, at the Council's sole expense, to participate in the litigation, settlement negotiations, or other dispute-resolution procedures for those Disputes. If the Council elects to retain its own attorney to participate in the litigation, settlement negotiations, or other dispute-resolution procedures for a Dispute, the County shall cooperate with the participation by the Council and its attorney, and the Council and its attorney shall cooperate with the County in respect of such participation.

4.3.5 Personal Property. If either of the Parties determines that there exists any Tangible Personal Property or Intangible Personal Property not previously transferred or assigned to the State Parties, that Party shall promptly provide to the other Party a notice that includes a reasonably detailed, written description of that property, and how it is necessary to the Operation of the Court Facility. At the Council's request, the County and the Council shall promptly meet and confer to determine the proper disposition of the Tangible Personal Property or Intangible Personal Property described in that notice.

4.3.6 Adjustments. The Parties shall make the appropriate adjustments for prorations or computations required by this Agreement as promptly as possible once accurate information becomes available evidencing that either Party is entitled to an adjustment. Adjustments will be made on a basis mutually acceptable to the Parties. The Party entitled to the adjustment shall make written demand on the other Party for the adjustment within one year after the Transfer Date and shall provide a reasonably detailed explanation of the basis for the demand and all supporting documentation. The Parties shall promptly pay each other any corrected proration or adjustment amounts.

4.3.7 Telecommunication Services. As of the Transfer Date, telecommunication services, including telephone, voicemail, computer networking, and wireless communications, are provided to the Superior Court by the County. Components of the County's telecommunication system include wiring, switches, routers, optical fibers, power supplies, cable modems, and antennas (collectively, the "**County**

Telecommunication Equipment"), all of which will remain the sole personal property of the County notwithstanding the Transfer of Responsibility

(a) Cooperation: Interference With or Damage To County Telecommunication Equipment. The Council agrees to cooperate fully with the County to ensure that the County has ingress, egress, and access to each and every area of the Court Facility in which any of the County Telecommunication Equipment, or any component thereof or connection thereto, is located, for the purpose of the County's continued operation, use, maintenance, repair, replacement, and expansion of its telecommunication system. The Council shall endeavor to ensure that no action of the State Parties, including facility alterations or upgrades, or other activities that may affect the electrical power or the controlled environment for various components of the telecommunication system, causes damage to any of the County Telecommunication Equipment, or interferes with the telecommunication services provided by the County. If any of the State Parties cause damage to any of the County Telecommunication Equipment or interference with the telecommunication services provided by the County, the County may make the necessary repairs or replacements and the Council shall be responsible for all costs incurred by the County associated with such repair or replacement.

(b) Council's Right to Provide Alternate Telecommunication System. The Parties agree that the Council may at any time provide a telecommunication system that replaces all or part of the County-provided telecommunication service, and at the County's sole discretion, existing wiring or other components may be used by the Superior Court or the Council for the replacement system. The fact that the Council may replace part of the County systems in no way limits the Council's responsibility to ensure that the County continues to have access to the remaining County Telecommunication Equipment located in the Court Facility. If however, the Council replaces all of the County provided telecommunication service, the County shall have no further access to, or responsibility or liability for, the County Telecommunication Equipment in the Court Facility.

4.3.8 Superior Court Parking. The County and the State Parties agree that parking is not provided under the Lease, and that the County has no obligation under section 70330 of the Act in respect of the Court Facility. For clarification, the County has no obligation with respect to any parking spaces needed by the County Sheriff for activities under the Security Services MOU.

4.3.9 Relief from Section 70311 Obligations. Effective upon the Transfer Date, the Council confirms and agrees that the County shall be, and is, relieved of any responsibility under section 70311 of the Act for providing to the Superior Court

those necessary and suitable court facilities currently located in the Building on the Effective Date, except as specifically provided in this Agreement and the Act.

4.3.10 Miles Court Order. The County shall perform, at the County's sole cost, the work necessary for initial compliance with the Miles Court Order and, solely as between the Council and the County, the Council shall thereafter be responsible to maintain the Court Facility in compliance with the requirements of the Miles Court Order at the Council's sole cost, including any costs of upgrades triggered by alteration or repair work, and the County shall have no further obligation.

4.3.10.1 No Effect on Lessor Obligations. Nothing in this section 4.3.10 is intended to or will waive, release, limit, or otherwise affect any obligations, liabilities, or responsibilities of the Lessor, under the Lease or at Law, to perform or pay for any work necessary to maintain the Building, including the Court Facility, in compliance with State, federal, and local laws for the protection of disabled persons, nor does anything in this section 4.3.10 in any manner limit or diminish the Council's right to enforce such obligations, liabilities, or responsibilities.

5. THE CLOSING

5.1. The Transfer of Responsibility. The Transfer Date will occur upon the first day of the first month following the Effective Date. The Transfer Date will not be affected by the date of delivery of this Agreement, the Assignment, or the County Authorizing Document.

5.1.1 Time for Signature. The Parties shall sign the Assignment prior to or concurrently with the Effective Date.

5.2. Conditions for Transfer of Responsibility. Neither of the Parties will be obligated to consummate the Transfer of Responsibility unless the following conditions are satisfied or waived prior to the Transfer Date. The conditions for the benefit of the County may be waived only by the County, and the conditions for the benefit of the Council may be waived only by the Council.

5.2.1 Conditions for the Benefit of the Council. All of the County's representations and warranties in this Agreement must be accurate and complete in all material respects as though made on the Transfer Date; the County shall not have breached any of the County's representations, warranties, or covenants in this Agreement; and there must be no County Event of Default under this Agreement nor any circumstance which, but for the passage of time or the giving of notice or both, would constitute a County Event of Default as of the Transfer Date.

5.2.2 Conditions for the Benefit of the County. All of the Council's representations and warranties in this Agreement must be accurate and complete in all material respects as though made on the Transfer Date; the Council shall not have breached any of the Council's representations, warranties, or covenants in this Agreement; and there must be no Event of Default by the Council or the AOC under this Agreement nor any circumstance which, but for the passage of time or the giving of notice or both, would constitute an Event of Default by the Council or the AOC as of the Transfer Date.

5.3. Delivery of Signed Agreement, Assignment, and County Authorizing Document. The County shall deliver signed originals of this Agreement and the Assignment, as well as a copy of the County Authorizing Document, to the Council within 10 business days after the Effective Date.

5.3.1 Delivery of Possession. On the Transfer Date, the County shall deliver to the Council custody and control over the Court Facility, the Leasehold Interest, and the Lease.

6. COUNTY FACILITIES PAYMENT

The amount of the County Facilities Payment submitted to the DOF is $301,672, which amount is subject to adjustment as provided in the Act. The terms of Article 5 of the Act govern the County's payment of the County Facilities Payment to the Controller. All rights, obligations, and remedies of the Parties pertaining to the County Facilities Payment are governed solely by the Act, and neither Party has any other or additional rights, obligations, or remedies in respect of the County Facilities Payment under or by virtue of this Agreement.

7. REPRESENTATIONS AND WARRANTIES

The County, in its proprietary capacity as the lessee under the Lease, and the Council, by and through the AOC, hereby make the representations and warranties in this section 7 to one another effective on both the Effective Date and the Transfer Date. Each Party shall give written notice to the other within five business days of its discovery of any facts or circumstances that would render any information contained in its own representations and warranties in this Agreement or the Assignment incomplete, untrue, or misleading, but if a Party makes that discovery within seven calendar days prior to the anticipated Transfer Date, then that Party must immediately deliver written notice of the relevant information to the other Party, whereupon the Transfer Date will be automatically delayed for one month to allow the Party receiving that notice sufficient time to decide whether to proceed with the Transfer of Responsibility.

7.1. The County's Representations and Warranties. The phrase "to the best of the County's knowledge" or words of similar import, means the actual knowledge, after reasonable independent investigation and inquiry, of the County Chief Executive Officer's Manager for Asset Planning and Strategy, and the County represents that this is the person within the County most knowledgeable with respect to the matters described in the County's representations and warranties.

7.1.1 Authority. The County Authorized Signatory has been duly authorized and empowered by the County Board of Supervisors to execute this Agreement and the Assignment on behalf of the County, and the County has taken all steps and obtained all approvals required to authorize and empower the County to sign and perform its obligations under this Agreement and the Assignment.

7.1.2 Due Execution and Delivery. This Agreement and the Assignment are legal, valid, and binding obligations of the County and are fully enforceable against the County.

7.1.3 No Conflict. This Agreement and the Assignment do not violate any provision of any existing agreement, obligation, or court order to which the County is a party or by which the County or any of its assets is subject or bound. No other action of any governmental agency or authority is required for, and the County has no actual knowledge of any Law in effect which would prohibit, the County's execution, delivery, or performance of its obligations under this Agreement or the Assignment.

7.1.4 Title to Leasehold Interest. Other than the rights and interests of the Lessor: (1) to the best of the County's knowledge, no Third Party has any title or interest in or right to occupy or use the Court Facility; and (2) the County has not granted, conveyed, or otherwise transferred to any Third Party any present or future right, title, or interest in or to the Leasehold Interest

7.1.5 Title to Personal Property. To the best of the County's knowledge, as of the Effective Date, there is no Tangible Personal Property or Intangible Personal Property.

7.1.6 No Disputes. To the best of the County's knowledge, there are no Disputes pertaining to the Lease, the Leasehold Interest, or the Court Facility.

7.1.7 No Violations of Law. The County has no actual knowledge of, nor has the County received any written notice from any State, federal, or other governmental or quasi-governmental authority relating to any violation of Law, whether or not appearing in public records, with respect to the Court Facility or the Leasehold

Interest, which violation has not been corrected to the satisfaction of the State, federal, or other governmental or quasi-governmental authority that issued the notice.

7.1.8 No Condemnation. The County has not received written notice of any pending modification of a street or highway contiguous to the Building, or of any existing or proposed eminent domain proceeding that would, if pursued to completion, result in a taking of any part of the Building.

7.1.9 No Environmental Violations. Except as set forth in the Property Disclosure Documents, the County has received no notice from a Third Party (including the Lessor) of: (i) the actual, threatened, or suspected presence of any Hazardous Substance, except for any Hazardous Substance used or held in conformity with Law, or (ii) any existing violations of Law, in, on, under, adjacent to, or affecting the Court Facility or the Building.

7.1.10 Full and Accurate Disclosure. To the best of the County's knowledge, the County provided to the Council and the AOC all available Property Disclosure Documents requested by the AOC within the County's possession, custody, or control. The County maintains the Property Disclosure Documents in its ordinary course of business.

7.1.11 Tenant Improvements Completed. To the best of the County's knowledge, the Lessor has completed, and County has accepted, all Tenant Improvements, if any, required by the Lease.

7.1.12 Special Circumstances. The County has not undertaken or commenced any Pending Projects in or to the Court Facility, and the Building is not an "historical building" as defined in section 70301(f) of the Act. Subject to section 4.3.10 of this Agreement, the County acknowledges that it has obligations under the Miles Court Order to perform the work necessary to make certain modifications to the Court Facility, and subject to the Council's obligations under section 4.3.10 of this Agreement, the County has completed or will complete all such work, at the County's sole cost, for initial compliance with the requirements of the Miles Court Order.

7.1.13 No Occupancy Agreements Entered Into by County. To the best of the County's knowledge, there are no agreements in effect that provide for occupancy, possession, or use of any space in the Court Facility by any Third Party.

7.2. The Council's Representations and Warranties. The phrase "to the best of the Council's knowledge," or words of similar import, means the actual knowledge, after reasonable independent investigation and inquiry, of the Director of the AOC's Office of

Court Construction and Management, and the Council hereby represents that this is the person most knowledgeable with respect to the matters described in the Council's representations and warranties.

7.2.1 Good Standing. The Council is an entity established by the Constitution of the State, and the AOC is the staff agency to the Council. Both the Council and the AOC are validly existing under the Law of the State.

7.2.2 Authority. The AOC is authorized by Rule 10.183(d)(2), California Rules of Court, to act on behalf of the Council in respect of the approval of this Agreement.

7.2.3 Due Execution and Delivery. This Agreement and the Assignment executed by the AOC on behalf of the Council are legal, valid, and binding obligations of the Council and the AOC and are fully enforceable against the Council and the AOC.

7.2.4 No Conflict. This Agreement and the Assignment do not violate any provision of any agreement, obligation, or court order, to which the Council or the AOC is a party or by which the State Parties, or any of their respective assets, are subject or bound. No other action of any governmental agency or authority is required for, and the Council has no actual knowledge of any Law in effect which would prohibit, the Council's execution, delivery, or performance of its obligations under this Agreement or the Assignment.

7.2.5 Section 70326(b)(1), (2), and (3). The Council has determined that, as of the Effective Date, the Court Facility is not deficient under sections 70326(b)(1), (2), and (3) of the Act.

8. INDEMNITIES

8.1. The Council's Indemnities. Except as provided in section 8.3, below, to the fullest extent permitted by Law, the Council indemnifies, defends, and holds harmless the County Parties against all liability, damages, attorney fees, costs, expenses, or losses (referred to in this section 8 as "**Indemnified Loss**") asserted against the County Parties, arising out of the following:

8.1.1 Obligations. Any breach by the Council or the AOC, or both, of its or their obligations set forth in this Agreement or the Assignment;

8.1.2 Representations and Warranties. Any knowing and willful inaccuracy in any of the Council's representations and warranties contained in section 7.2

of this Agreement or in the Assignment where and to the extent that such knowing and willful inaccuracy relates to a matter that, if known to the County prior to the Transfer Date, would have been material to the County's completion of the Transfer of Responsibility under the Act; and

8.1.3 Council and AOC Responsibilities. Any claim, demand, litigation, arbitration or other dispute-resolution proceeding between the Council, the AOC, or both, on the one hand, and a Third Party, on the other hand, that is first asserted or commenced on or after the Transfer Date, and the factual basis for which arises from events or occurrences that took place on or after the Transfer Date, or from the State Parties' possession, use, Operation, or management of, or responsibility for, the Court Facility on or after the Transfer Date.

8.2. The County's Indemnities. Except as provided in section 8.3, below, to the fullest extent permitted by Law, the County indemnifies, defends, and holds harmless the State Parties, against all Indemnified Loss asserted against the State Parties, arising out of the following:

8.2.1 Obligations. Any breach by a County Party of its obligations set forth in this Agreement or the Assignment;

8.2.2 Representations and Warranties. Any knowing and willful failure by the County to disclose to the Council or the AOC any document or information concerning the Court Facility, the Leasehold Interest, or the Lease that, if known to the Council or the AOC prior to the Transfer Date, would have been material to the Council's acceptance of the Transfer of Responsibility under the Act, and any knowing and willful inaccuracy in any of the County's representations and warranties contained in section 7.1 of this Agreement or in the Assignment, where and to the extent that such knowing and willful inaccuracy relates to any matter that, if known to the Council or the AOC prior to the Transfer Date, would have been material to the Council's acceptance of the Transfer of Responsibility under the Act;

8.2.3 County Responsibilities. (a) Any claim, demand, litigation, arbitration, or other dispute-resolution proceeding between the County and a Third Party that is pending or threatened prior to the Transfer Date, or related to the County's possession, use, Operation, or management of, or responsibility for, the Court Facility prior to the Transfer Date, and (b) any claim, demand, litigation, arbitration, or other dispute-resolution proceeding that is first asserted or commenced by a Third Party after the Transfer Date, but the factual basis for which arises from events or occurrences that took place prior to the Transfer Date, and pertain to the County's possession, use,

Operation, or management of, or responsibility for, the Court Facility prior to the Transfer Date; and

8.2.4 CERCLA. The County acknowledges that it has certain indemnification obligations in respect of the Court Facility under section 70393(d) of the Act.

Nothing in this Agreement will in any manner be deemed or construed as an admission by the County to any Third Party that the County has any obligation, responsibility, or liability of any kind or nature whatsoever as to the environmental condition of the Building, or the real property on which the Building is located, under CERCLA or any other Law, except that the County confirms that this provision does not alter, diminish, or negate the County's obligation to indemnify the State in accordance with the terms of section 70393(d) of the Act.

8.3. Indemnity Exclusions. Neither Party is entitled to be indemnified, defended, or held harmless by the other Party under this Agreement in respect of any event, circumstance, or condition that arises from its own negligence or willful misconduct. The obligations of a Party under section 8.1 or 8.2 of this Agreement, as applicable, will in no event release the other Party from, or diminish its obligation to fully and faithfully perform, its duties under this Agreement, the Assignment, or any other agreement.

9. RIGHT TO AUDIT

The County shall maintain all records relating to this Agreement in compliance and consistent with applicable Law. The County shall also maintain an accounting system, supporting fiscal records, and agreements related to the Court Facility, the Leasehold Interest, or the Lease, including the Property Disclosure Documents, adequate to ensure that all claims and disputes arising under this Agreement or the Assignment can be resolved in accordance with the requirements of this Agreement and the Act, for the period of time generally required by applicable Law. The AOC may audit or inspect those County records upon reasonable prior notice.

10. DEFAULT NOTICE AND CURE

Upon the occurrence of a breach or default by the Council or the County of any provision of this Agreement, the non-defaulting Party shall provide written notice to the defaulting Party of the breach or default ("**Default Notice**"). Upon receipt of the Default Notice, the defaulting Party will have 30 calendar days to cure the breach or default described in the Default Notice and to provide evidence of that cure to the non-defaulting

Party. If the breach or default is not capable of cure within the 30 calendar day period, then no breach or default can be deemed to have occurred so long as the defaulting Party promptly begins and diligently and continuously performs the cure to completion within a reasonable time period, not to exceed 90 calendar days from commencement of the cure ("**Cure Period**"). If the defaulting Party does not provide evidence of the cure to the non-defaulting Party within the Cure Period, then the defaulting Party shall be deemed to have committed an "**Event of Default,**" and the non-defaulting Party shall have the right, but not the obligation, to pursue its rights with respect to resolution of disputes under section 11 of this Agreement. The Parties may mutually agree to commence the dispute resolution procedures in section 11 of this Agreement before the end of the Cure Period.

11. DISPUTE RESOLUTION

11.1. Unassisted Negotiation; Mediation. In the event of a dispute between the Parties relating to performance of the Parties' obligations under this Agreement, or any aspect of the Transfer of Responsibility contemplated in this Agreement, the Parties shall, before exercising any other right or remedy for resolution of the dispute, meet and confer in good faith to attempt to resolve the dispute through unassisted negotiation. Each of the Parties must be represented in any such negotiating session by a representative who is familiar with the facts of the dispute, and who has authority to negotiate on behalf of, and to effectively recommend settlement to, the Party that he or she represents. If the dispute concerns a matter within the jurisdiction of the Court Facilities Dispute Resolution Committee ("**CFDRC**"), established by section 70303 of the Act, the Parties must first conclude their unassisted negotiation with respect to the dispute before either of the Parties may commence a dispute resolution proceeding before the CFDRC.

11.2. Referral to CFDRC. After compliance with the terms for unassisted negotiation provided in section 11.1 of this Agreement, any unresolved dispute involving any of the matters set forth in sections 70303(c)(1) through (5) of the Act will be referred to the CFDRC for hearing and recommendation to the Director of Finance, as contemplated in the Act and in accordance with the CFDRC regulations.

12. NOTICES

Any notice or communication required to be sent to a Party pursuant to this Agreement must be sent in writing by personal delivery (including overnight courier service), certified U.S. mail, postage pre-paid and with return receipt requested, or facsimile transmission, sent during regular business hours of the recipient, to the Parties at their addresses or fax numbers indicated below. Routine exchange of information may be conducted via telephone, facsimile, or electronic means, including e-mail.

If to the Judicial Council:

Administrative Office of the Courts
Office of Court Construction and Management
Attention: Portfolio Administration Analyst for the
Southern Regional Office
455 Golden Gate Avenue, 8th Floor
San Francisco, CA 94102
Voice: 415-865-4053
Fax: 415-865-8885

With a copy to:

Administrative Office of the Courts
Office of Court Construction and Management
Attention: Manager, Real Estate
455 Golden Gate Avenue
San Francisco, CA 94102
Voice: 415-865-4048
Fax: 415-865-8885

In addition, all audit requests and notices by the County relating to termination of this Agreement or an alleged breach or default by the Council or the AOC of this Agreement or the Assignment shall also be sent to:

Administrative Office of the Courts
Attention: Senior Manager, Business Services
455 Golden Gate Avenue
San Francisco, CA 94102-3688
Voice: 415-865-4090
Fax: 415-865-4326

If to the County:

County of Los Angeles
Board of Supervisors
383 Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

With a copy to:

County of Los Angeles
Chief Executive Officer
Attention: Manager, CEO
Asset Planning and Strategy
754 Hall of Administration
500 West Temple Street
Los Angeles, CA 90012
Voice: 213-893-2476
Fax: 213-626-7827

A Party may change its address for notice under this Agreement by giving written notice to the other Party in the manner provided in this section 12. Any notice or communication sent under this section 12 will be deemed to have been duly given as follows: (1) if by personal delivery, on the date actually received by the addressee or its representative at the address provided above; or (2) if sent by certified U.S. mail, return receipt requested, on the first business day that is at least three calendar days after the date deposited in the U.S. Mail; or (3) if sent by facsimile transmission, upon electronic confirmation of good receipt by the receiving facsimile machine, except that facsimile notice received after normal business hours of the recipient will be deemed received at 9:00 a.m. on the first business day after the date on which the facsimile notice was confirmed electronically.

13. SURVIVAL OF TERMS AND PROVISIONS

This Agreement will survive and remain in full force and effect notwithstanding the Transfer of Responsibility. In the event of the termination of this Agreement prior to the Transfer Date, all documents, other tangible objects, and information containing or representing confidential or proprietary information disclosed by one Party to the other, and all copies that are in the possession or under the control of the other Party will be and remain the property of the Party that disclosed the documents, objects, and information, and all those documents and other tangible objects will be promptly returned to the Party that disclosed them at that Party's written request.

14. MISCELLANEOUS

14.1. Amendments. This Agreement may be amended only by written agreement signed by both of the Parties.

14.2. Waivers. No waiver of any provision of this Agreement will be valid unless it is in writing and signed by the Party making such waiver. Waiver by either Party at any time of any breach of this Agreement cannot be deemed a waiver of or consent to a breach of any other provision of this Agreement or a consent to any subsequent breach of the same or another provision of this Agreement. If a Party's action requires the consent or approval of the other Party, that consent or approval on any one occasion cannot be deemed a consent to or approval of that action on any subsequent occasion or a consent or approval of any other action.

14.3. Force Majeure. Neither Party will be responsible for performance in accordance with the terms of this Agreement to the extent performance is prevented, hindered, or delayed by fire, flood, earthquake, elements of nature, acts of God, acts of war (declared and undeclared), riots, rebellions, revolutions, or terrorism, whether foreseeable or unforeseeable.

14.4. Assignment. Neither Party may assign this Agreement in whole or in part, whether by operation of law or otherwise, to any other entity, agency, or person without the prior written consent of the other Party. Even if that consent is given, any assignment made in contravention of any Law will be void and of no effect.

14.5. Binding Effect. This Agreement binds the Parties and their permitted successors and assigns.

14.6. Third Parties Benefited. The Superior Court is an intended beneficiary of all provisions of this Agreement and the Assignment for the benefit of the Council. Neither the Lessor nor any other Third Party is a third party beneficiary of the terms of this Agreement.

14.7. Governing Law. This Agreement, and the Parties' performance under this Agreement, will be exclusively governed by the laws of the State without regard to its conflict of law provisions.

14.8. Construction. The headings used in this Agreement are for convenience only and will not affect the meaning or interpretation of this Agreement. The word "or" when used in this Agreement, is inclusive, and can mean both. This Agreement and the Assignment will not be construed against either Party as the principal draftsperson. The words "include" and "including" when used are not exclusive and mean "include, but are not limited to" and "including but not limited to," respectively. The capitalized terms used in this Agreement have the meanings ascribed to them in this Agreement.

14.9. Integration. This Agreement and the Assignment contain the entire agreement of the Parties with respect to the Transfer of Responsibility, and supersede all previous communications, representations, understandings, and agreements, whether verbal, written, express, or implied, between the Parties.

14.10. Incorporation By Reference. The factual recitals and Exhibits contained in or attached to this Agreement are all incorporated into and made a part of this Agreement for all purposes, and all references to this Agreement in any of the recitals or Exhibits will be deemed to include the entirety of this Agreement.

14.11. Severability. If a term of this Agreement is inconsistent with applicable Law, then on the request of either Party, the Parties shall promptly meet and confer to determine how to amend the inconsistent term in a manner consistent with Law, but all parts of this Agreement not affected by the inconsistency will remain in full force and effect.

14.12. Further Assurances. The Parties agree to cooperate reasonably and in good faith with one another to (i) implement the terms and provisions set forth in this Agreement, the Assignment, and the Act, and (ii) consummate the transactions contemplated herein, and shall execute any further agreements and perform any additional acts that may be reasonably necessary to carry out the purposes and intent of this Agreement, the Assignment, and the Act.

[Signature page follows.]

IN WITNESS WHEREOF, the Parties enter into this Agreement as of the Effective Date.

APPROVED AS TO FORM:
Administrative Office of the Courts
Office of the General Counsel

By: Rachel Dragolovich
Name: Rachel Dragolovich, Attorney

JUDICIAL COUNCIL OF CALIFORNIA

By: _____
Name: Grant Walker
Title: Senior Manager, Business Services
Administrative Office of the Courts

ATTEST:
Sachi A. Hamai
Executive Officer, Board of Supervisors

By: _____
Deputy

COUNTY OF LOS ANGELES, a body corporate and politic

By: _____
YVONNE B. BURKE
Chair, Board of Supervisors

Approved as to Form:

RAYMOND G. FORTNER, JR.
County Counsel

By: for TF
Principal Deputy County Counsel

EXHIBITS

Exhibit "A" – Agreement for Assignment and Assumption of Lease

Exhibit "B" – Categories of Property Disclosure Documents

EXHIBITS

Exhibit "A" – Agreement for Assignment and Assumption of Lease

Exhibit "B"– Categories of Property Disclosure Documents

EXHIBIT "A"

AGREEMENT FOR ASSIGNMENT AND ASSUMPTION OF LEASE

This Agreement for Assignment and Assumption of Lease ("**Assignment Agreement**") is made on the ____ day of _____, 2008, by and between the County of Los Angeles, a body corporate and politic ("**County**") and the Judicial Council of California ("**Council**"), by and through the Administrative Office of the Courts ("**AOC**"), collectively referred to in this agreement as **"the Parties"**, with reference to the following facts:

RECITALS

A. The County, as Tenant, and Pier Plaza Investments, LLC, a Delaware Limited Liability Company, as Landlord ("**Landlord**"), are parties to that certain Gross Office Lease (County Lease # 75601), dated December 1, 2005 (the "**Lease**"), under which the County leases from Landlord, and Landlord leases to the County, certain premises described in the Lease, which are located in buildings commonly known as 105, 109 and 117 Torrance Boulevard, in the City of Redondo Beach, the County of Los Angeles, State of California (the "**Buildings**"), together with the non-exclusive right to use the common areas of the Buildings (collectively, the "**Leased Premises**"). The Superior Court of California, County of Los Angeles ("**Superior Court**") occupies the Leased Premises for the purpose of operating the trial court facility known as the Redondo Beach Courthouse ("**Court Facility**"). A correct and complete copy of the Lease, including all exhibits thereto, is attached as **Attachment 1** to this Assignment Agreement.

B. Pursuant to the Trial Court Facilities Act of 2002 (Chapter 1082, Statutes of 2002, as amended, including Government Code sections 70301 to 70404) (the "**Act**"), the County desires to assign, delegate, and relinquish to the Council all of the County's right, title, and interest in, to, and under the Lease, pursuant to that certain Transfer Agreement for the Transfer of Responsibility for and Transfer of Leasehold Interest in the Redondo Beach Courthouse between the Council and the County (the "**Transfer Agreement**"), which Transfer Agreement provides for the transfer of responsibility for the Leased Premises from the County to the Council, including the assignment to the Council of the County's right, title, and interest in, to, and under the Lease.

C. The Council desires to accept the assignment of the Lease from the County, and to assume all of the County's duties and obligations under the Lease.

D. Under section 15.1 of the Lease, the County is entitled to assign its rights and interests under the Lease to the State of California with notice to, and without further consent from, the Landlord.

In furtherance of the foregoing recitals, the Parties agree as follows:

1. Transfer Date. This Assignment Agreement, and the transactions contemplated herein, will take effect on the date that the transfer of responsibility for the Court Facility takes effect under the terms of the Transfer Agreement ("**Transfer Date**").

2. Assignment by County. Effective on the Transfer Date, the County fully and forever assigns, delegates, and relinquishes to the Council, to the fullest extent assignable and permitted by law, all right, title, and interest of the County in, to, and under the Lease (the "**Assignment**").

3. Acceptance and Assumption by the Council. Effective on the Transfer Date, the Council accepts the Assignment, and assumes and agrees to perform all duties and obligations of the County arising under the Lease and related to the period on and after the Transfer Date (collectively, the "**Assumption**").

4. County's Representations and Warranties. The County represents and warrants as follows to and for the benefit of the Council and the AOC. The phrase "to the best of the County's knowledge" or words of similar import, means the actual knowledge, after reasonable independent investigation and inquiry, of the County Chief Executive Officer's Manager for Asset Planning and Strategy, and the County represents that this is the person within the County most knowledgeable with respect to the County's representations and warranties:

4.1. Identification of Lease. The copy of the Lease attached to this Assignment Agreement as **Attachment 1** is a correct and complete copy of the Lease as currently in effect. There exist no other written or oral agreements or understandings that comprise a part of the Lease, nor are there any amendments or additions to the Lease.

4.2. Authority. The County has taken all action necessary to authorize the County to enter into, deliver, and perform this Assignment Agreement, and the person signing this Assignment Agreement on behalf of the County has been duly authorized to do so.

4.3. No Breaches or Defaults. On the date of the County's signature of this Assignment Agreement: (i) the Lease is in full force and effect;

(ii) neither the County nor, to the best of the County's knowledge, the Landlord, is in breach of its obligations under the Lease; (iii) the County has not notified the Landlord, and the Landlord has not notified the County, of any breach or default under the terms of the Lease; and (iv) to the best of the County's knowledge, there are no existing acts, omissions, or circumstances which, with the passage of time or the giving of notice or both, would become a default by the Landlord or an Event of Default by the County under the terms of the Lease.

4.4. No Security Deposit. The County has not paid any security deposit or other deposit to the Landlord under the Lease or otherwise in respect of the Leased Premises.

4.5. Rent. The County has not paid any installment of Monthly Rent or Additional Rent to the Landlord more than one month in advance, and the Landlord has not charged any Additional Rent to the County, nor has the County paid any Additional Rent to the Landlord, under section 5.2 of the Lease.

4.6. Leasehold Improvements; Allocations. The County has made no Leasehold Improvements or other "Alterations" to the Leased Premises under section 9 of the Lease.

5. Notice of Assignment. The delivery of a fully signed copy of this Assignment Agreement to the Landlord constitutes notice of the Assignment to the Landlord under section 15.1 of the Lease.

6. Governing Law. This Assignment Agreement is made and entered into in the State of California and shall be interpreted, construed, and enforced in accordance with the laws of the State of California, without regard to its conflict of law provisions.

7. Binding Effect. This Assignment Agreement binds, and inures to the benefit of the Parties, and their respective successors and permitted assigns.

[Signature page follows.]

IN WITNESS WHEREOF, the Parties enter into this Assignment Agreement as of the date first above written.

ATTEST:

DEAN C. LOGAN
Registrar-Recorder/County Clerk

By: _____
Deputy

Approved as to Form:
RAYMOND G. FORTNER, JR.
County Counsel

By:_____
Principal Deputy County Counsel

COUNTY OF LOS ANGELES, a body corporate and politic

By: _____
WILLIAM T FUJIOKA
Chief Executive Officer

APPROVED AS TO FORM:

Administrative Office of the Courts
Office of the General Counsel

By: _____
Name: Rachel Dragolovich
Its: Attorney

JUDICIAL COUNCIL OF CALIFORNIA, ADMINISTRATIVE OFFICE OF THE COURTS

By: _____
Name: Grant Walker
Title: Senior Manager, Business Services
Administrative Office of the Courts

ATTACHMENT 1 TO EXHIBIT "A"

COPY OF LEASE

[Intentionally omitted from Exhibit "A", but attached to the originals]

EXHIBIT "B"

CATEGORIES OF PROPERTY DISCLOSURE DOCUMENTS

1 - Material Agreements

Contracts related to title, use, occupancy or condition of court facility requiring more than 30 days prior notice to terminate and annual payment from or to the County of more than $25,000)

2 - Structural/Physical Condition

(i) Documents describing repairs or maintenance made or required

(j) Documents reflecting the age and condition of the building roofs and the systems and equipment installed in or affixed to each court facility including HVAC, security systems, intercom or other internal communications systems, fire life safety systems, elevators and escalators;

(l) Fire/Life/Safety Compliance Documents

3 - Environmental

(a) Phase I or Phase II environmental site assessments

(b) Asbestos and mold reports

(c) Radon, methane gas or other air quality studies

(h) Remedial action plans

(i) Notices from and correspondence with any governmental body relating to compliance with environmental laws

(j) No further action (NFA) letters

(k) Environmental covenants and restrictions

(n) Permits or licenses related to environmental compliance

(o) Documents and inspection reports related to underground or above-ground storage tanks

(p) County's written disclosures to/from third parties regarding environmental conditions

5 - Compliance

(b) Inspection certificates for elevators, escalators, fire safety equipment and other building systems

(e) Licenses for software and other proprietary materials to be transferred

(f) Notices and correspondence concerning actual or claimed violations of law related to real property or building

6 - Occupancy

(a) Leases, subleases and rental agreements

(b) Licenses for use of land, building or personal property

(c) Occupancy or use arrangements (verbal or written)

(d) Notices and material correspondence related to any lease, sublease, rental agreement, license or other occupancy or use arrangements

7 - Intangible Rights and Obligations

(a) Written/verbal contract rights and commitments (e.g., leases for equipment, signage or other personal property, vending machine rental or purchase agreements, service or maintenance contracts, vendor agreements, contracts for or related to the development, design, construction, ownership, repair, maintenance, operation, upkeep and/or inspection of all or any part of the real or personal property to be transferred)

(b) Software license agreements or arrangements to be transferred

(c) Warranties, permits, licenses, certificates, guaranties and suretyship agreements and arrangements, indemnification rights, and any unresolved claims or demands made on any such warranties, indemnification rights, guaranties and/or suretyship agreements

(d) Commitments, deposits and rights for utilities

(e) Engineering, accounting, legal and other technical or business data concerning the real or personal property to be transferred, and title documents and information concerning any tangible personal property to be transferred

(f) Deposits, deposit accounts and escrow accounts arising from or related to any transactions related to the land, building or intangible personal property, and rights to receive refunds or rebates of impact fees, assessments or charges, premiums

(j) Amendments, addenda, exhibits, appendices, attachments, schedules, riders, modifications, renewals, extensions and other changes or additions of every kind to any of (a) through (f) above

8 - Insurance Coverage, Damage or Loss, Claims

(a) Proceeds arising from any damage to or loss of all or any part of the court facility, including any commercial tort claims arising from or related to any such damage or loss

(b) Documentation of and written materials relating to any self-insurance programs covering all or any of the real or personal property to be transferred

9 - Condemnation

(a) Claims, demands for mediation, arbitration or other dispute resolution procedure, causes of action or complaints received in connection with any actual or proposed condemnation or eminent domain proceeding affecting the court facility

(b) Proceeds to which the County is or may be entitled related to the taking of any part of the land or building by condemnation, eminent domain or transfer in lieu of condemnation or eminent domain, for public or quasi-public use under any law

10 - Litigation

Brief written description of each pending or threatened claim, liability, litigation, arbitration, mediation, administrative proceeding, settlement negotiation or other dispute resolution proceeding involving, related to or affecting the court facility

11 - Excluded Documents

If there are materials that are responsive to the AOC's document and information requests, but which the County believes it may not disclose to the AOC for reasons of attorney-client privilege, attorney work product privilege or confidentiality obligations, the AOC requests that the County provide the AOC with a written list setting forth the title and general subject matter of each such document.

SPECIAL CONSIDERATIONS

C - Pending Projects (see §§770326(d) and 70331 of SB 1732)

(a) Written approval by the County's Board of Supervisors for the pending project

(b) Resolutions or ordinances approved by the County allocating, approving, appropriating or committing funds for the applicable phases of a pending project

(c) Contracts or agreements entered into, or under negotiation, by the County for a pending project

(d) Written description of the source and amount of all County funds allocated, approved, appropriated or committed for a pending project and the terms and conditions applicable to the County's use of such funds

(e) Draft/final plans, specifications, energy or structural calculations, drawings, maps and surveys depicting or related to a pending project

(f) Permits and approvals given by any governmental body for a pending project, and/or completed applications for required permits or approvals for a pending project, including CEQA documents

(g) Bids, estimates, proposals, responses to requests for proposals or other documents reflecting proposed pricing for labor and/or materials for any one or more of the pending projects

(h) Materials related to the approval, permitting, funding, planning, implementation, performance and/or completion of the pending project.