



SACHI A. HAMAI  
Interim Chief Executive Officer

County of Los Angeles  
**CHIEF EXECUTIVE OFFICE**

Kenneth Hahn Hall of Administration  
500 West Temple Street, Room 713, Los Angeles, California 90012  
(213) 974-1101  
<http://ceo.lacounty.gov>

*"To Enrich Lives Through Effective And Caring Service"*

Board of Supervisors  
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Fifth District

February 03, 2015

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

Dear Supervisors:

**SEVEN-YEAR LEASE  
SHERIFF'S DEPARTMENT, FIRE DEPARTMENT AND  
DEPARTMENT OF BEACHES AND HARBORS  
13555 FIJI WAY, MARINA DEL REY  
(FOURTH DISTRICT)  
(3 VOTES)**

**SUBJECT**

A new seven-year lease for 11,180 square feet of office, warehouse, shop, yard, and 16 on-site parking spaces for use by the Sheriff's Department, Fire Department, and the Department of Beaches and Harbors' Marina Del Rey Boatwright Shop and Marina Maintenance Crew Shop.

**IT IS RECOMMENDED THAT THE BOARD:**

1. Consider the Negative Declaration together with the fact that no comments were received during the public review process, find that the project will not have a significant effect on the environment, find that the Negative Declaration reflects the independent judgment of the County of Los Angeles to approve the Negative Declaration, find that the project will have no adverse effect on wildlife resources, and authorize the Chief Executive Office to complete and file a Certificate of Fee Exemption for the project.

2. Approve and instruct the Mayor to sign the lease with Harbor Real Estate Limited Partnership, a Delaware limited partnership (Landlord), for the occupancy of 11,180 square feet of office, warehouse, shop, yard, and 16 on-site parking spaces at 13555 Fiji Way, Marina Del Rey, for the Sheriff's Department, Fire Department, and the Department of Beaches and Harbors, for a maximum first year rental cost of \$635,781.48. The rental costs for Sheriff's Department and Department of Beaches and Harbors are 100 percent net County costs. The costs for the Fire Department will be funded through Fire's Special District fund.

3. Authorize the Internal Services Department, or the Landlord, at the direction of the Chief Executive Office, to acquire telephone, data, and low voltage systems at a cost not to exceed \$75,000 which will be paid by the Sheriff's Department, Fire Department, and the Department of Beaches and Harbors via lump sum payment.

4. Authorize the Interim Chief Executive Officer, the Sheriff, the Fire Chief, and the Directors of Beaches and Harbors and Internal Services to implement the project. The lease will be effective upon approval by the Board of Supervisors, but the term and rent will commence upon completion of the improvements by the Landlord and acceptance by the County.

#### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The proposed lease for 11,180 square feet is comprised of Premises "A," 8,400 square feet of shop/office space: Premises "B" 2,300 square feet of warehouse space and Premises "C", 480 square feet of yard space. The 13555 Fiji Way facility will allow the Sheriff's Department (Sheriff's), Fire Department (Fire) and the Department of Beaches and Harbors (DBH) to permanently relocate the Marina Del Rey Boatwright Shop (MDR Boat Shop) and the DBH Maintenance Crew Shop (Marina Maintenance Shop). The shops are currently located at 13483 Fiji Way (Parcel GG). The current location is scheduled to be demolished and developed by a private developer as a dry stack boat storage facility to be known as Boat Central.

The proposed facility is strategically located adjacent to the County's Marina Del Rey berths at Dock 52 and Parcel GG, the Lifeguard 24-hour station, the Marina Del Rey Sheriff's Station, and the waterside and landside facilities maintained by DBH. The facility will provide staff with adequate office, warehouse, shop, and yard space for the repair and maintenance of Fire's rescue boat fleet, the Sheriff's patrol boats, navigation buoys for the Harbor Patrol, DBH's oil spill response boat, debris boats, and general maintenance work boats. In addition, it will serve as the primary base of operations for DBH's Marina Maintenance Shop.

The facility will be occupied by 20 County employees, and four contracted Penske boat mechanics. There will be approximately six to eight County employees visiting the facility on a daily basis to attend meetings, drop off and retrieve boats, vehicles, or materials.

This Lease is a Sublease for a portion of the property located in the Marina Del Rey Small Craft Harbor known as Parcel 53 (The Boat Yard). The Master Ground Lease dated June 19, 1962, between Harbor Real Estate Limited Partnership, a Delaware limited partnership and the County terminates on February 28, 2022. The proposed Lease and Master Ground Lease have a co-terminous expiration date.

### **Implementation of Strategic Plan Goals**

The Countywide Strategic Plan Goal of Operational Effectiveness/Fiscal Sustainability (Goal 1) directs that we maximize the effectiveness of processes, structure, operations, and strong fiscal management to support timely delivery of customer-oriented and efficient public services, and the Goal of Community Support and Responsiveness (Goal 2) directs that we enrich lives of Los Angeles County residents by providing enhanced services, and effectively planning and responding to economic, social, and environmental challenges. The proposed Lease supports these goals with a facility that provides proper accommodations for staff to repair and maintain boats in support of the Harbor Patrol Program and the Fire/Rescue Boat Program. The lease is in conformance with the Asset Management Principles as outlined in Attachment A.

### **FISCAL IMPACT/FINANCING**

The proposed lease will provide the Sheriff's, Fire, and DBH the combined use of 11,180 square feet of office, warehouse, shop, yard, and 16 on-site parking spaces at a maximum first year rental cost of \$635,781.48, which is comprised of the initial annual base rent, the annual percentage rent and the maximum annual reimbursement of the Tenant Improvement (TI) allowance, if the entire amount is expended. The Landlord is responsible for the building maintenance costs, and the County is responsible for operational costs and janitorial services.

Sufficient funding for the proposed lease is included in the Fiscal Year (FY) 2015-16 Rent Expense budget and will be proportionally charged back to the Sheriff's, Fire, and DBH. The departments will budget sufficient funding in their FY 2015-16 operating budgets to cover the projected lease costs. The lease costs for Sheriff's and DBH are 100 percent net County costs. The costs for Fire will be funded through Fire's Special District fund. Attachment B is an overview of the proposed lease costs.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

The proposed lease will provide office, warehouse, shop, yard, and 16 on-site parking spaces for the MDR Boat Shop and the DBH Marina Maintenance Shop. The proposed lease includes the following provisions:

- A seven-year lease term which commences upon completion of the improvements by the Landlord and acceptance by the County and will terminate concurrently with the Master Ground Lease on February 28, 2022.
- A modified full-service gross lease whereby the Landlord is responsible for the building maintenance costs, and the County is responsible for operational costs and janitorial services.
- A reimbursable TI allowance of \$1,200,000 or \$107 per square foot, payable in a lump sum or amortized over the initial five-years at an annual interest rate of 8 percent.
- An annual percentage rent payment equal to 12.5 percent of the Base Rent is payable to the County per the terms of the Master Ground Lease.
- Furniture will be purchased through the TI allowance or by the Sheriff's, Fire, and DBH through Internal Services Department Purchasing.
- Fixed 3 percent annual rental increases.

The CEO, Real Estate Division staff conducted a survey within the project area to determine the availability of comparable and more economical sites. Staff was unable to identify any sites in the survey area that could suitably accommodate this requirement. Based upon said survey, staff has established that the base rental range for similar space and terms is between \$21 and \$32 per square foot per year on a modified-gross basis plus applicable percentage rent. Thus, the base annual rental rate of \$27.49 modified-gross plus percentage rent, for the proposed lease represents a rate within the market range for the area. In addition, the proposed facility is the only viable space for the Sheriff's, Fire's and DBH's to house the programs within the service area. Attachment C shows County-owned or leased facilities in the proximity of the service area and there are no suitable County-owned or leased facilities available for the program.

The consolidated and co-located Sheriff's, Fire and DBH's programs will provide a central and appropriate location which is consistent with the County's facility location policy adopted by the Board on July 24, 2012 as outlined in Attachment D.

The Department of Public Works has inspected the facility and found it seismically suitable for County occupancy. Construction of the TIs will be completed in compliance with building codes and the Americans with Disabilities Act.

A notification letter advising of the proposed lease has been sent to the Department of Regional Planning pursuant to Government Code Section 65402.

### **ENVIRONMENTAL DOCUMENTATION**

The CEO has made an initial study of environmental factors and has concluded that this Project will have no significant impact on the environment and no adverse effect on the wildlife resources. Accordingly, a Negative Declaration has been prepared and a notice posted at the site as required by the California Environmental Quality Act and the California Administrative Code, Section 15072. Copies of the completed Study, the resulting Negative Declaration, and the Notice of Preparation of Negative Declaration as posted are attached. No comments to the Negative Declaration were received.

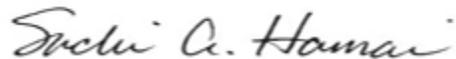
### **IMPACT ON CURRENT SERVICES (OR PROJECTS)**

The proposed lease will provide the necessary office, warehouse, shop, yard, and parking spaces for this County requirement. There will be no negative impact on current County services or projects during the performance of the authorized activities. The Sheriff's, Fire, and DBH concur with the proposed recommendation.

**CONCLUSION**

It is requested that the Executive Office, Board of Supervisors return four originals of the executed lease, two certified copies of the Minute Order, and the adopted, stamped Board letter to the CEO, Real Estate Division at 222 South Hill Street, 4th Floor, Los Angeles, CA 90012 for further processing.

Respectfully submitted,



SACHI A. HAMAI

Interim Chief Executive Officer

SAH:RLR:CMM

CEM:MAC:gw

Enclosures

- c: Executive Office, Board of Supervisors
- County Counsel
- Auditor-Controller
- Beaches and Harbors
- Fire
- Internal Services
- Sheriff

**SHERIFF'S DEPARTMENT, FIRE DEPARTMENT AND  
DEPARTMENT OF BEACHES AND HARBORS  
13555 FIJI WAY, MARINA DEL REY  
Asset Management Principles Compliance Form<sup>1</sup>**

1.	<u>Occupancy</u>	Yes	No	N/A
A	Does lease consolidate administrative functions? <sup>2</sup> Yes, Sheriff's Department, Fire Department and Beaches and Harbors.	X		
B	Does lease co-locate with other functions to better serve clients? <sup>2</sup> Yes, Marina Del Rey Boat Wright Shop and the Marina maintenance crew.	X		
C	Does this lease centralize business support functions? <sup>2</sup>			X
D	Does this lease meet the guideline of 200 sq. ft of space per person? <sup>2</sup> <b>No, 465 sq. ft. per person due to the program's office space, warehouse space shop space and yard space needs.</b>		X	
E	Does lease meet the 4/1000 sq. ft. parking ratio guideline? <sup>2</sup> <b>No, the programs have higher parking needs. In addition to the parking spaces provided in the lease, the departments will be parking/storing vehicles in a State owned parking lot across Fiji Way.</b>		X	
F	Does public parking and mass-transit exist to facilitate employee, client and visitor access to the proposed lease location? <sup>2</sup>	X		
2.	<u>Capital</u>			
A	Is it a substantial net County cost (NCC) program? <b>The rental costs for the Sheriff's and DBH are 100 net County cost and Fire's will be funded through Fire's Special District Fund.</b>	X		
B	Is this a long term County program?	X		
C	If yes to 2 A or B; is it a capital lease or an operating lease with an option to buy?		X	
D	If no, are there any suitable County-owned facilities available?		X	
E	If yes, why is lease being recommended over occupancy in County-owned space?			X
F	Is Building Description Report attached as Attachment C?	X		
G	Was build-to-suit or capital project considered?		X	
3.	<u>Portfolio Management</u>			
A	Did department utilize CEO Space Request Evaluation (SRE)?	X		
B	Was the space need justified?	X		
C	If a renewal lease, was co-location with other County departments considered?			
D	Why was this program not co-located?			
	1. ___ The program clientele requires a "stand alone" facility.			
	2. ___ No suitable County occupied properties in project area.			
	3. <u>X</u> No County-owned facilities available for the project.			
	4. ___ Could not get City clearance or approval.			
	5. ___ The Program is being co-located.			
E	Is lease a full service lease? <sup>2</sup> <b>County pays for operational and janitorial services.</b>		X	
F	Has growth projection been considered in space request?	X		
G	Has the Dept. of Public Works completed seismic review/approval?	X		
	<sup>1</sup> As approved by the Board of Supervisors 11/17/98			
	<sup>2</sup> If not, why not?			

**FISCAL IMPACT/FINANCING  
OVERVIEW OF THE PROPOSED LEASE**

<b>Proposed Lease</b>	<b>13555 Fiji Way, Marina Del Rey</b>
Area (Square Feet)	11,180 rentable square feet
Term (years)	Seven-years, commencing upon Board approval and County's acceptance of the TI and terminating February 28, 2022.
Annual Base Rent Premises A	\$226,800 (8,400 square feet x \$27 per sq. ft. annually)
Annual Base Rent Premises B	\$69,000 (2,300 square feet x \$30 per sq. ft. annually)
Annual Base Rent Premises C	\$11,520 (480 square feet x \$24 per sq. ft. annually)
Combined Annual Base Rent (Premises A, B and C)	\$307,320 (27.49 per sq. ft. annually)
Annual Percentage Rent	\$38,415 (11,180 square feet x \$3.46 per sq. ft. annually)
Annual TI Reimbursement <sup>(1)</sup>	\$290,046.48 (\$107.33 per sq. ft.)
Maximum First Year Rental Cost <sup>(2)</sup>	\$635,781.48 (\$56.87 per sq. ft. annually)
TI Allowance	\$1,200,000 (\$107.33 per sq. ft.)
Cancellation	Any time after the 60 <sup>th</sup> month upon 120 days prior written notice
Rental adjustment	Fixed 3 percent per annum

(1) \$1,200,000 represents the maximum amount of reimbursable TI funds available for this project. If this entire amount is expended and amortized over 60 months at the proposed rate of 8 percent, the annual TI reimbursement will be \$290,046.48 (\$25.94 per sq. ft. annually).

(2) Includes annual base rent, percentage rent, and annual reimbursement of TI allowance.

**SHERIFF DEPARTMENT, FIRE DEPARTMENT AND  
BEACHES AND HARBORS  
SPACE SEARCH WITHIN MMARINA DEL REY  
13555 FIJI WAY, MARINA DEL REY**

Laco	Facility Name	Address	Zip	Gross SQFT	Net SQFT	Ownership	Bldg Use	Available SQFT
T022	BEACHES/HARBORS-TRAILER #1	13483 FIJI WAY	90292	1,440	1,224	Owned	Office	NONE
T034	BEACHES/HARBORS-TRAILER #2	13483 FIJI WAY	90292	1,440	1,224	Owned	Office	NONE
T035	BEACHES/HARBORS-PAYROLL TRAILER #3	13483 FIJI WAY	90292	1,440	1,224	Owned	Office	NONE
T036	BEACHES/HARBORS-WATER OFFICE TRAILER #4	13483 FIJI WAY	90292	1,040	884	Owned	Office	NONE
T062	BEACHES/HARBORS-PERMITS TRAILER #5	13483 FIJI WAY	90292	880	836	Permit	Office	NONE
T424	BEACHES/HARBOR MOBILE OFFICE TRAILER(86051)	13483 FIJI WAY	90292	440	440	Owned	Office	NONE
T425	BEACHES/HARBOR MOBILE OFFICE TRAILER(87022)	13483 FIJI WAY	90292	440	440	Owned	Office	NONE
X020	BEACHES/HARBORS FORMER COVE BUILDING	13535 MINDANAO WAY	90292	9,276	8,812	Owned	Office	NONE
X004	BEACHES/HARBORS 'PARCEL 77' BUILDING	13560 MINDANAO WAY	90292	80	76	Owned	Office	NONE
X006	BEACHES/HARBORS FINANCIAL SERVICES	13575 MINDANAO WAY	90292	3,000	2,850	Owned	Office	NONE
4835	BEACHES/HARBORS-ADMINISTRATION BUILDING	13837 FIJI WAY	90292	14,126	8,848	Owned	Office	NONE
4836	BEACHES/HARBORS-MARINA COAST GUARD STATION	13871 FIJI WAY	90292	1,568	1,411	Owned	Office	NONE
X334	PUB LIB-LLOYD TABER-MARINA DEL REY LIBRARY	4533 ADMIRALTY WAY	90292	4,972	4,246	Owned	Library	NONE

**FACILITY LOCATION POLICY ANALYSIS**  
**February 3, 2015**

**Proposed Lease:** New Seven Year Lease for the Sheriff's Department, Fire Department, and the Department of Beaches and Harbors – 13555 Fiji Way, Marina Del Rey – 4<sup>th</sup> District

**A. Establish Service Function Category** – Regional and local public service function

**B. Determination of the Service Area** –The proposed lease will allow the Sheriff's Department (Sheriff's), Fire Department (Fire) and the Department of Beaches and Harbors (DBH) to permanently relocate the Marina Del Rey Boatwright Shop (MDR Boat Shop) and the DBH Maintenance Crew Shop (Marina Maintenance Shop).

The facility will provide staff with adequate office, warehouse, shop, and yard space for the repair and maintenance of Fire's rescue boat fleet, the Sheriff's patrol boats, navigation buoys for the Harbor Patrol, DBH's oil spill response boat, debris boats, and general maintenance work boats. In addition, it will serve as the primary base of operations for DBH's Marina Maintenance Shop.

**C. Apply Location Selection Criteria to Service Area Data**

- Need for proximity to service area and population: The consolidated and co-located Sheriff's, Fire and DBH's programs will provide a central and appropriate location.
- Need for proximity to existing County facilities: The proposed facility is strategically located adjacent to the County's Marina Del Rey berths at Dock 52 and Parcel GG, the Lifeguard 24-hour station, the Marina Del Rey Sheriff's Station, and the waterside and landside facilities maintained by DBH.
- Need for proximity to Los Angeles Civic Center: N/A
- Economic Development Potential: The shops are currently housed at the County facility located at 13483 Fiji Way (Parcel GG). The current location is scheduled to be demolished and developed by a private developer as a dry stack boat storage facility to be known as Boat Central.
- Proximity to public transportation: N/A
- Availability of affordable housing for County employees: N/A
- Use of historic buildings: N/A

- Availability and compatibility of existing buildings: There are no existing County buildings available to meet the Department's service needs.
- Compatibility with local land use plans: The County Department of Regional Planning has provided formal approval of the proposed use as being consistent with the building's use, zoning and not in conflict with the goals and policies of the Marina Del Rey Specific Plan.

The Department of Public Works inspected the facility and found it suitable for County occupancy. Notification letters have been sent pursuant to Government Code Sections 25351 and 65402.

- Estimated acquisition/construction and ongoing operational costs: The initial annual base rent of \$307,320, the annual percentage rent of \$38,415 plus the maximum amortized cost of the additional tenant improvement allowance in the amount of \$1,200,000, comprises the total annual lease costs for the facility. Sufficient funding for the proposed lease will be included in the Fiscal year (FY) 2015-16 Rent Expense Budget and will be charged back to the Sheriff's, Fire and DBH. The departments will budget sufficient funding in their FY 2015-16 operating budget to cover the proposed lease costs. The lease costs for the Sheriff's and DBH are 100 percent net County costs. The costs for Fire will be funded through Fire's Special District fund. Attachment B is an overview of the lease costs. In addition, telephone, data, and low voltage systems will be installed by ISD or the landlord at a cost not to exceed \$75,000.

#### **D. Analyze results and identify location alternatives**

Based upon the space and service needs of the departments, staff surveyed the immediate area to determine the availability of comparable and more economical sites. The proposed facility is the only viable space for the Sheriff's, Fire's and DBH's to house the programs within the service area.

Based on a survey of the area, staff established the annual rent range for similar space is between \$21 and \$32 per square foot on a modified-gross basis plus applicable percentage rent, including parking. Therefore, the proposed annual rent of \$27.49 modified-gross plus percentage rent, including parking, for the proposed lease represents a rate within the market range for the area.

#### **E. Determine benefits and drawbacks of each alternative based upon functional needs, service area, cost and other Location Selection Criteria**

Due to the unique needs of the departments to be located at the Marina and in close proximity to the County berths, the proposed facility is the most suitable location for the Sheriff's, Fire and DBH's programs. The facility provides proper accommodations for staff to repair and maintain boats in support of the Harbor Patrol Program and the Fire/Rescue Boat Program. The lease is in conformance with the Asset Management Principles as outlined in Attachment A. The consolidated and co-located Sheriff's, Fire and DBH's programs will provide a central and appropriate location which is consistent with the County's facility location policy adopted by the Board on July 24, 2012.

**COUNTY OF LOS ANGELES  
CHIEF EXECUTIVE OFFICE  
LEASE AGREEMENT**

**DEPARTMENTS: BEACHES AND HARBOR, FIRE AND SHERIFF**

**LANDLORD: HARBOR REAL ESTATE LIMITED PARTNERSHIP, a Delaware  
limited partnership**

**13555 Fiji Way  
Marina Del Rey, California**

24.	LIENS .....	14
25.	SUBORDINATION AND MORTGAGES .....	14
26.	SURRENDER OF POSSESSION .....	14
27.	SIGNAGE .....	14
28.	QUIET ENJOYMENT .....	14
29.	GENERAL .....	15
30.	AUTHORITY .....	16
31.	ACKNOWLEDGEMENT BY LANDLORD .....	17
32.	IRREVOCABLE OFFER .....	21
33.	SUBLEASE AGREEMENT .....	21
34.	PERCENTAGE RENT WAIVER .....	21

6.	USES .....	5
7.	HOLDOVER.....	5
8.	COMPLIANCE WITH LAW .....	5
9.	DAMAGE OR DESTRUCTION.....	5
10.	REPAIRS AND MAINTENANCE.....	6
11.	SERVICES AND UTILITIES. ....	7
	(a) <u>HVAC</u> .....	7
	(b) <u>Electricity</u> .....	7
	(c) <u>Elevators</u> .....	7
	(d) <u>Water</u> .....	7
	(e) <u>Janitorial</u> .....	8
	(f) <u>Access</u> .....	8
12.	LANDLORD ACCESS .....	9
13.	TENANT DEFAULT.....	8
14.	LANDLORD DEFAULT. ....	8
	(a) <u>Remedies</u> .....	8
	(b) <u>Waiver</u> .....	9
	(c) <u>Emergency</u> .....	9
15.	ASSIGNMENT AND SUBLETTING .....	9
16.	ALTERATIONS AND ADDITIONS. ....	9
17.	CONDEMNATION. ....	10
18.	INDEMNIFICATION. ....	11
19.	INSURANCE.....	11
20.	PARKING.....	12
21.	ENVIRONMENTAL MATTERS.....	12
22.	ESTOPPEL CERTIFICATES.....	13
23.	TENANT IMPROVEMENTS .....	14

**TABLE OF CONTENTS**

	<b><u>Page</u></b>
1. BASIC LEASE INFORMATION.....	1
(a) <u>Landlord's Address for Notice</u> :.....	1
(b) <u>Tenant's Address for Notice</u> : .....	1
(c) <u>Premises</u> :.....	1
(d) <u>Building</u> :.....	1
(e) <u>Term</u> : .....	1
(f) <u>Projected Commencement Date</u> :.....	2
(g) <u>Commencement Date</u> :.....	2
(h) <u>Irrevocable Offer Expiration Date</u> :.....	2
(i) <u>Basic Rent</u> : .....	2
(j) <u>Early Termination Notice Date</u> : .....	2
(k) <u>Rentable Square Feet in the Premises</u> :.....	2
(l) <u>Use</u> :.....	2
(m) <u>Initial Departmental Use</u> : .....	2
(n) <u>Parking Spaces</u> :.....	2
(o) <u>Normal Working Hours</u> : .....	2
(p) <u>Asbestos Report</u> :.....	2
1.2 <u>Defined Terms Relating to Landlord's Work Letter</u> .....	2
1.3 <u>Exhibits to Lease</u> : .....	3
1.4 <u>Landlord's Work Letter</u> : .....	3
1.5 <u>Supplemental Lease Documents</u> : .....	3
2. PREMISES .....	3
3. COMMON AREAS .....	3
4. COMMENCEMENT AND EXPIRATION DATES.....	4
5. RENT.....	4

COUNTY OF LOS ANGELES  
CHIEF EXECUTIVE OFFICE  
LEASE AGREEMENT

THIS LEASE is entered into as of the \_\_\_\_\_ day of \_\_\_\_\_, 2014 between HARBOR REAL ESTATE LIMITED PARTNERSHIP, a Delaware limited partnership ("Landlord"), and COUNTY OF LOS ANGELES, a body politic and corporate ("Tenant" or "County").

Landlord and Tenant agree:

1. BASIC LEASE INFORMATION. The following terms as used herein shall have the meanings provided in this Section 1, unless otherwise specifically modified by provisions of this Lease.

1.1 Defined Terms Relating to the Lease:

(a) Landlord's Address for Notice: Harbor Real Estate Limited Partnership  
13555 Fiji Way  
Marina Del Rey, California 90292  
Attention: Gregory F. Schem  
Fax Number: (310) 821-0569

(b) Tenant's Address for Notice: Board of Supervisors  
Kenneth Hahn Hall of Administration,  
Room 383  
500 West Temple Street  
Los Angeles, California 90012  
Fax Number: (213) \_\_\_\_\_

With a copy to:  
Chief Executive Office  
Real Estate Division  
222 South Hill Street, 3<sup>rd</sup> Floor  
Los Angeles, California 90012  
Attention: Director of Real Estate  
Fax Number: (213) 217-4971

(c) Premises: Premises A (Shop): Approximately 8,400 square feet within the approximately 17,333 square foot Building (defined below) as shown on Exhibit A attached hereto.

Premises B (Warehouse): Approximately 2,300 square feet within the approximately 17,333 square foot Building (defined below) as shown on Exhibit A attached hereto.

Premises C (Yard): Approximately 480 square feet of yard space to place two 20 foot storage containers within the approximately 4.11 acre

site (defined below) as shown on Exhibit A attached hereto.

- (d) Building: The building located at 13555 Fiji Way, Marina Del Rey which is located upon the real property described more particularly in Exhibit B attached hereto (the "Property");
- (e) Term: Commencing upon Tenant's Acceptance of the Premises as defined in Section 4(a) (the "Commencement Date"); and terminating February 28, 2022. The phrase "Term of this Lease" or "the Term hereof" as used in this Lease, or words of similar import, shall refer to the initial Term of this Lease together with any additional Option Term for which an option has been validly exercised.
- (f) Projected Commencement Date: March 1, 2015
- (g) Commencement Date: See Section 4(a)
- (h) Irrevocable Offer Expiration Date: February 1, 2015
- (i) Basic Rent:  
Premises A: \$18,900 per month (which is based upon a rental rate of \$2.25 per rentable square foot (adjustable only as provided in Sections 2(b) and 5 hereof.)  
Premises B: \$5,750 per month (which is based upon a rental rate of \$2.50 per rentable square foot (adjustable only as provided in Sections 2(b) and 5 hereof.)  
Premises C: \$960 per month (which is based upon a rental rate of \$2.00 per rentable square foot (adjustable only as provided in Sections 2(b) and 5 hereof.)  
Premises A, B and C rent shall be combined in one initial monthly payment of \$25,610 (Basic Rent).
- (j) Early Termination Notice Date: Not applicable
- (k) Rentable Square Feet in the Premises: Approximately 11,180 rentable square feet
- (l) Use: General office, boat repair, marine

maintenance shop, marine warehouse use.

- (m) Initial Departmental Use: Department of Beaches and Harbors, Fire and Sheriff
- (n) Parking Spaces: 16 unassigned parking spaces.
- (o) Normal Working Hours: 6am to 6pm seven days a week.
- (p) Asbestos Report: A Phase I environmental report dated April 9, 2013, prepared by AllWest Environmental, Inc.

1.2 Defined Terms Relating to Landlord's Work Letter:

- (a) Base Tenant Improvement Allowance: Not applicable
- (b) Tenant Improvement Allowance: \$1,200,000 (\$107.33 RSF)
- (c) Maximum Change Order Allowance: The cost of Change Orders approved in writing by Tenant.
- (d) Tenant Improvement Allowance Rate: 8% per annum
- (e) Basic Rent Reduction: N/A
- (f) Tenant's Work Letter Representative: Miguel Covarrubias or an assigned staff person of the Chief Executive Office-Real Estate Division.
- (g) Landlord's Work Letter Representative: Gregory F. Schem or an assigned representative of the Landlord.
- (h) Landlord's Address for Work Letter Notice: See Section 1.1(a)
- (i) Tenant's Address for Work Letter Notice: Board of Supervisors  
Kenneth Hahn Hall of Administration,  
Room 383  
500 West Temple Street  
Los Angeles, California 90012

With a copy to:  
Chief Executive Office  
Real Estate Division  
222 South Hill Street, 3rd Floor  
Los Angeles, California 90012  
Attention: Director of Real Estate  
Fax Number: (213) 217-4971

1.3 Exhibits to Lease:

Exhibit A - Floor Plan of Premises  
Exhibit B- Legal Description of Property  
Exhibit C - Commencement Date  
Memorandum and Confirmation of Lease  
Terms  
Exhibit D - HVAC Standards  
Exhibit E - Cleaning and Maintenance  
Schedule  
Exhibit F-Tenant Estoppel Certificate  
Exhibit G-Subordination, Non-disturbance and  
Attornment Agreement  
Exhibit H- Nondisturbance Agreement  
Exhibit I- Request for Notice  
Exhibit J-Community Business Enterprises  
Form

1.4 Landlord's Work Letter:  
(Executed concurrently with this Lease and  
made a part hereof by this reference):

Landlord's Work Letter  
Addendum A: Base Building Improvements  
Addendum B: Tenant Improvements  
Addendum C: Memorandum of Tenant  
Improvements Costs

1.5 Supplemental Lease  
Documents: (Delivered to  
Landlord and made a part hereof by this  
reference):

Document I: Subordination, Non-disturbance  
and Attornment Agreement  
Document II: Tenant Estoppel Certificate  
Document III: Community Business  
Enterprises Form  
Document IV: Memorandum of Lease  
Document V: Request for Notice

2. PREMISES. Landlord does hereby lease to Tenant, and Tenant does hereby lease from Landlord, upon the terms and conditions herein set forth, the Premises described in Section 1 and Exhibit A attached hereto. References to square footages in this Lease are approximations, and Landlord and Tenant have satisfied themselves with the square footages for the Premises and each portion thereof. Therefore, there shall not be any adjustments in the Basic Rent or other amounts hereunder if such square footages are not accurate.

3. COMMON AREAS. Tenant may use the following areas ("Common Areas") in common with Landlord and other tenants of the Building: the entrances, lobbies and other public areas of the Building, walkways, driveways necessary for access to the Premises, parking areas and other common facilities designated by Landlord from time to time for common use of all tenants of the Building. The Common Areas do not include the boat yard work areas, and Tenant may only use such areas pursuant to a separate agreement with Landlord from time to time as such areas are available, subject to Tenant paying Landlord the then current lay day rates. Landlord shall have the right to modify the layout, nature and extent of the Common Areas and other portions of the Property (including, without limitation, removal of any areas currently part of the Common Areas, restriping, reconfiguring entrances, exits, sidewalks, parking and driving lanes, and/or constructing buildings, improvements and other structures thereon and/or installing and placing storage containers thereon) upon giving Tenant 90 days written notice, so long as there remains parking on the Property sufficient to satisfy applicable laws, and reasonable access

to and from the Premises by Tenant is not materially impeded during Tenant's business hours, unless due to an emergency or construction (in which case Landlord shall use commercially reasonable efforts to provide parking and access necessary for Tenant's use). Tenant shall comply with all reasonable, non-discriminatory rules and regulations regarding the use of the Common Areas established by Landlord from time to time.

#### 4. COMMENCEMENT AND EXPIRATION DATES

(a) Term. The term of this Lease shall commence upon the Commencement Date and terminate on the Termination Date. Within 30 days of determining the Commencement Date, Landlord and Tenant shall acknowledge in writing the Commencement Date by executing the Commencement Date Memorandum and Confirmation of Lease Terms attached as Exhibit C. The Commencement Date shall begin upon Tenant's Acceptance of the Premises. The term "Tenant's Acceptance of the Premises" as used in this Lease shall mean the date upon which the Premises are Substantially Complete, Tenant has inspected the Premises and Tenant has accepted the Premises. The term "Substantially Complete" or "Substantial Completion" as used in this Lease shall mean compliance with all of the following: (1) the shell and core of the Building are complete and in compliance with all applicable laws and codes, and all of the building systems are operational to the extent necessary to service the Premises; (2) Landlord has sufficiently completed all the work required to be performed by Landlord in accordance with this Lease, including the installation of modular furniture systems, if so required (except minor punch list items which Landlord shall thereafter promptly complete), such that Tenant can conduct normal business operations from the Premises; (3) Landlord has obtained a certificate of occupancy for the Building, or a temporary certificate of occupancy for that portion of the Building that includes all of the Premises, or its equivalent; (4) Tenant has been provided with the number of parking privileges and spaces to which it is entitled under this Lease; and (5) if Landlord is responsible for the installation of telecommunication systems, then such systems shall be completely operational.

(b) Termination Right. If the Commencement Date has not occurred within two hundred seventy (270) days after the date on which Landlord receives all governmental permits and approvals required to enable the construction of the Base Building Improvements, Tenant Improvements and other alterations, additions and improvements required to be performed by Landlord under this Lease (sometimes collectively, the "Landlord's Work"), and the use of the Premises by Tenant, with conditions acceptable to Landlord and Tenant, subject to extension for Tenant Delays and Force Majeure Delays as provided in Landlord's Work Letter, which has been executed concurrently herewith, and provided that Landlord is not then diligently pursuing completion of the Landlord's Work, Tenant may thereafter, at any time before the Commencement Date occurs, terminate this Lease effective upon the giving of written notice to Landlord and the parties shall have no further obligations to one another hereunder. Moreover, if Landlord has not received all applicable governmental permits and approvals to commence Landlord's Work and the use of the Premises by Tenant, with conditions acceptable to Landlord, on or before March 15, 2015, then Landlord shall have the right to terminate this Lease by written notice thereof to Tenant.

(c) Early Possession. So long as same does not interfere with Landlord's performance and completion of the Landlord's Work, Tenant shall be entitled to possession of

the Premises not less than 30 days prior to the Commencement Date for the purpose of installing Tenant's furniture, fixtures and equipment in the Premises; provided, however, that Landlord shall have no liability or responsibility for loss or damage to Tenant's furniture, fixtures and equipment installed in the Premises during such early occupancy by Tenant. Subject to the foregoing, such early occupancy shall be subject to all provisions hereof but shall not advance the Termination Date, and Tenant shall not pay Basic Rent for such early occupancy period.

5. RENT. Tenant shall pay Landlord the Basic Rent stated in Section 1 during the Term hereof, in advance, without prior notice, demand, offset or deduction (except as otherwise expressly allowed under this Lease) prior to the first day of each month. The Basic Rent is the aggregate of the following amounts, and Tenant shall not have the right to pay Basic Rent for only Premises A, Premises B or Premises C, separately. Basic Rent for any partial month shall be prorated in proportion to the number of days in such month. Basic Rent for the Term of the Lease is as follows:

Premises A:  
(8,400 rsf)

<u>Year</u>	<u>Rate/Square foot</u>	<u>Monthly</u>
1	\$2.25	\$18,900.00
2	\$2.32	\$19,488.00
3	\$2.39	\$20,076.00
4	\$2.46	\$20,664.00
5	\$2.53	\$21,252.00
6	\$2.61	\$21,924.00
7	\$2.69	\$22,596.00
8	\$2.77	\$23,268.00

Premises B:  
(2,300 rsf)

<u>Year</u>	<u>Rate/Square foot</u>	<u>Monthly</u>
1	\$2.50	\$5,750.00
2	\$2.58	\$5,934.00
3	\$2.65	\$6,095.00
4	\$2.73	\$6,279.00
5	\$2.81	\$6,463.00
6	\$2.90	\$6,670.00
7	\$2.99	\$6,877.00
8	\$3.07	\$7,061.00

Premises C:  
(480 rsf)

<u>Year</u>	<u>Rate/Square foot</u>	<u>Monthly</u>
1	\$2.00	\$ 960.00
2	\$2.12	\$1,017.60
3	\$2.19	\$1,051.20
4	\$2.25	\$1,080.00

5	\$2.32	\$1,113.60
6	\$2.39	\$1,147.20
7	\$2.46	\$1,214.40
8	\$2.53	\$1,070.40

6. USES. The Premises are to be used only for the uses set forth in Section 1 and for no other business or purpose without Landlord's prior written consent, which consent may be withheld in Landlord's sole and absolute discretion. Moreover, in no event shall Tenant use the Premises in violation of the use requirements of the Master Lease (as defined in Section 34 hereof) or for a use that is other than for marine purposes.

7. HOLDOVER. If Tenant remains in possession of the Premises or any part thereof after the expiration of the Term of this Lease, such occupancy shall be a tenancy which is terminable only upon 90 days written notice from Landlord or 30 days written notice from the Chief Executive Officer of Tenant at the last monthly Basic Rent payable under this Lease (as such Basic Rent may be adjusted from time to time in accordance with this Lease) plus all other charges payable under this Lease, and subject to all of the terms, covenants and conditions of this Lease.

8. COMPLIANCE WITH LAW. Tenant shall, at Tenant's expense, comply promptly with all applicable statutes, ordinances, rules, regulations, orders and requirements in effect during the term hereof, regulating the use, occupancy or improvement of the Premises by Tenant. Landlord, not Tenant, shall, at its sole cost, at all times cause the Premises and the Building to comply with all applicable statutes, ordinances, rules, regulations, orders and requirements in effect and binding upon Tenant or Landlord during the term hereof, including without limitation, Titles II and III of the Americans with Disabilities Act, except to the extent such compliance is made necessary as a result of Tenant's particular use of or alterations or improvements to the Premises.

9. DAMAGE OR DESTRUCTION.

(a) Damage. In the event any portion of the Premises is damaged by fire or any other cause rendering the Premises totally or partially inaccessible or unusable and the Premises may be restored (based on the reasonable estimate of Landlord's architect or contractor) to a complete architectural unit of the same condition and character that existed immediately prior to such casualty in less than 365 days (as extended for Tenant Delays and Force Majeure Delays), then Landlord shall promptly, at Landlord's expense, repair such damage and this Lease shall continue in full force and effect. If all or any portion of the Premises shall be made untenable by fire or other casualty, Landlord shall immediately secure the area to minimize the risk of injury to persons and/or vandalism to the improvements. Landlord shall promptly, but in any event within 30 days, cause an architect or general contractor selected by Landlord to provide Landlord and Tenant with a written estimate of the amount of time required to substantially complete the repair and restoration of the Premises and make the Premises tenantable again using standard working methods. Basic Rent shall abate to the extent that the Premises are unusable by Tenant for reasons other than due to the fault of Tenant or its agents, employees or contractors. Tenant waives the provisions of California Civil Code Sections 1932(2) and 1933(4) with respect to any partial or total destruction of the Premises.

(b) Tenant Termination Right. In the event any portion of the Premises is damaged by fire or any other cause rendering the Premises totally or partially inaccessible or unusable and the Premises will not be restored to a complete architectural unit of the same value, condition and character that existed immediately prior to such casualty in less than 365 days (as extended for Tenant Delays and Force Majeure Delays), then Tenant may terminate this Lease by giving written notice to Landlord within ten days after written notice from Landlord specifying such time period of repair. If this Lease shall be terminated by Tenant as aforesaid, Tenant shall pay Landlord for the unamortized cost incurred by Landlord (amortized over the term of the Lease) to construct the Landlord's Work (including, without limitation, the costs for design and architectural services, and the costs to obtain all governmental permits and approvals for the Landlord's Work), and the Basic Rent shall be abated from the date the Premises became untenable. In the event that Tenant does not elect to so terminate this Lease, Landlord shall promptly commence and diligently prosecute to completion the repairs to the Building or Premises.

(c) Damage In Last Year. Notwithstanding the foregoing provisions, if any material destruction to the Premises occurs during the last year of the Term, either Landlord or Tenant may terminate this Lease by giving notice to the other not more than 30 days after such destruction, in which case (a) Landlord shall have no obligation to restore the Premises, (b) Landlord may retain all insurance proceeds relating to such destruction, and (c) this Lease shall terminate as of the date which is 30 days after such written notice of termination.

(d) Default By Landlord. If Landlord is required to repair and restore the Premises as provided for in this Section and Landlord should fail to thereafter pursue said repair and restoration work with reasonable diligence to completion, Tenant shall have the rights granted Tenant under Section 14 hereof.

## 10. REPAIRS AND MAINTENANCE.

(a) Landlord Representations. Landlord represents to Tenant that as of the Commencement Date: (i) the Premises, the Building (including electrical, heating, ventilating and air conditioning ("HVAC"), mechanical, plumbing, gas and fire/life safety systems in the Building and similar building service systems), and all Common Areas other than the docks and restroom building servicing the docks and their occupants, comply with all current laws, codes, and ordinances, including the Americans With Disabilities Act; and will be in reasonably good working order and condition; (ii) the Building and Premises will comply with all covenants, conditions, restrictions and Landlord's insurance underwriter's requirements; (iii) the Premises, Building and Common Areas (other than the docks) are free of the presence of any Hazardous Materials (as hereinafter defined) that are in amounts or in a condition that would violate applicable Environmental Laws, other than as disclosed to Tenant prior to the date of this Lease; and (iv) Landlord has not received any uncured written notice from any governmental agency that the Building or the Premises are in violation of any law or regulation. Landlord represents, based upon a professional inspection of the Premises and the Building and the Asbestos Report, that to the current actual knowledge of Landlord, the Premises and the Building contain no asbestos containing materials (other than as may be reflected in the Asbestos Report). Landlord shall, prior to Tenant's occupancy, abate, at Landlord's sole cost and expense, all asbestos containing materials to the extent required by law and provide Tenant with an updated report from a licensed California Asbestos contractor to that effect.

(b) Landlord Obligations. Except to the extent same are Tenant's obligation under Section 10(c) below, Landlord shall keep and maintain in good repair and working order

and promptly make repairs to and perform maintenance upon and replace as needed: (i) the structural elements of the Building, including without limitation, all permanent exterior and interior walls, floors and ceilings, roof, concealed plumbing, stairways, and concealed electrical systems; (ii) mechanical (including HVAC), electrical, plumbing and fire/life safety systems serving the Building; (iii) the Common Areas; and (iv) exterior windows of the Building. Landlord, at its sole cost and expense, shall also perform all maintenance and repairs to the Premises in order to keep the Premises in good condition and repair, reasonable wear and tear excepted.

(c) Tenant Obligations. Tenant shall, at Tenant's sole expense, be responsible for the cost of repairing any area damaged by Tenant or Tenant's agents, employees, invitees and visitors, janitorial service at the Premises, the repair of low voltage electronic, phone and data cabling and related equipment that is installed by or for the exclusive benefit of Tenant, replacing the HVAC system filters) and the maintenance and repair of improvements and modular furniture made or installed by or for the exclusive benefit of Tenant (even if initially installed or paid for by Landlord). All repairs and replacements by Landlord shall: (a) be at least equal in quality, value and utility to the original work or installation; and (b) be in accordance with all laws.

(d) Tenant's Right to Repair. If Tenant provides written notice (or oral notice in the event of an emergency such as damage or destruction to or of any portion of the Building structure and/or the Building systems and/or anything that could cause material disruption to Tenant's business) to Landlord of an event or circumstance (other than a casualty or condemnation, which are covered by Sections 9 and 17 hereof) which requires the action of Landlord with respect to repair and/or maintenance that is Landlord's obligation under this Lease, and Landlord fails to provide such action within 30 days after Landlord has received such written notice from Tenant, then Tenant may proceed to take the required action; provided, however, that if the action of Landlord would reasonably require more than 30 days to perform, then, so long as Landlord commences such action within such 30 day period and is thereafter diligently proceeding in connection with such action, such 30 day period shall be extended for such time as is reasonably required for Landlord to so perform. Notwithstanding the immediately preceding sentence, in the event of an emergency which threatens life or where there is imminent danger to property or a possibility that a failure to take immediate action could cause a material disruption in Tenant's normal and customary business activities, if Landlord is not then diligently proceeding with such action, the 30 day prior written notice described above shall not be required, and only such notice (verbal or written) as shall be reasonable under the circumstances shall be required to be given by Tenant to Landlord before Tenant shall have the right to take such action, and if Tenant so elects to take such action in those circumstances, Tenant shall have access to the Building to the extent necessary to perform the work contemplated by this provision. If such action was required under the terms of this Lease to have been taken by Landlord and was not taken by Landlord within such period (unless such notice was not required as provided above), and Tenant took such required action, then Tenant shall be entitled to prompt reimbursement by Landlord of Tenant's reasonable costs and expenses in having taken such action plus interest thereon at ten percent (10%) per annum. If not reimbursed by Landlord within 30 days, Tenant shall be entitled to deduct from Basic Rent payable by Tenant under this Lease the amount of reasonable costs and expenses paid for by Tenant as set forth in its invoice for such work that is delivered to Landlord. The remedies provided in this Section are in addition to the remedies provided in Section 14.

11. SERVICES AND UTILITIES. Landlord shall furnish the following services and utilities to the Premises:

(a) Heating, Ventilation and Air Conditioning. Landlord shall furnish heating, ventilation and air conditioning ("HVAC"), during Normal Working Hours in amounts required

for the use and occupancy of the Premises for normal office and repair shop purposes to a standard comparable to other buildings with similar uses.

(b) Electricity. Landlord shall furnish to the Premises the amount of electric current provided for in the Working Drawings (if applicable). Tenant agrees to pay when due all electrical charges for Premises A and B. If such electrical charges are separately metered, Tenant may pay for such electrical charges directly to the utility company; however, if the electrical charges are jointly metered, then Landlord shall install a submeter and Tenant shall pay Landlord for the electrical charges for the Premises as measured by such submeter, within ten days following written notice by Landlord to Tenant of the charges, together with the measurement of electrical usage under the submeter.

(c) Elevators. Not applicable.

(d) Water. Landlord shall make available water for normal lavatory and potable water meeting all applicable governmental standards for drinking purposes in the Premises.

(e) Janitorial. Tenant is responsible for its own janitorial service.

(f) Access. Landlord shall furnish to Tenant's employees and agents access to the Building, Premises and Common Areas on a seven day per week, 24 hour per day basis, subject to compliance with such reasonable security measures as shall from time to time be in effect for the Building.

12. LANDLORD ACCESS. Tenant shall permit Landlord and its agents to enter the Premises upon prior written notice for the purpose of inspecting the Premises for any reasonable purpose and for performing any maintenance, repairs, replacements, alterations, improvements and/or other obligations of Landlord under this Lease or for which Landlord has the right to perform under this Lease. If Landlord temporarily closes any portion of the Building or Premises, Basic Rent shall be abated based upon the percentage of the Premises rendered untenable and not used by Tenant. Landlord shall have the right at any and all times to enter the Premises in the event of an emergency.

### 13. TENANT DEFAULT.

(a) Default. The occurrence of any one or more of the following events (a "Tenant Default") shall constitute a material default and breach of this Lease by Tenant:

(i) The failure by Tenant to make any payment of Basic Rent or any other payment required to be made by Tenant hereunder (except to the extent an offset is expressly permitted hereunder), as and when due and if the failure continues for a period of ten days after written notice to Tenant;

(ii) The failure by Tenant to observe or perform any of the other covenants, conditions or provisions of this Lease, where such failure shall continue for a period of 30 days after written notice from Landlord specifying in detail the nature of the Tenant Default; provided, however, if more than 30 days are reasonably required for its cure then Tenant shall not be deemed to be in default if Tenant commences such cure within said 30-day period and thereafter diligently prosecutes such cure to completion.

(b) Termination. Tenant agrees that if a Tenant Default should occur and should not be cured within the applicable time periods set forth above, it shall be lawful for Landlord to terminate this Lease upon the giving of written notice to Tenant. Landlord, at any time after a Tenant Default, may cure the default at Tenant's cost. If Landlord at any time, by reason of a Tenant Default, incurs any costs, including, without limitation, attorneys' fees and/or costs to cure any defaults of Tenant, the costs so incurred by Landlord shall be immediately due and payable from Tenant to Landlord. In addition thereto, Landlord shall have such other rights and remedies as may be provided by law or in equity.

(c) No Effect on Indemnity. Nothing in this Article shall be deemed to affect either Landlord or Tenant's right to indemnification under any indemnification clause or clauses set forth in this Lease, all of which shall survive the termination of this Lease.

#### 14. LANDLORD DEFAULT.

(a) Remedies. In addition to the provisions for Landlord's default provided by Sections 9(d), 10(d), 19 and 20(b), Landlord shall be in default ("Landlord Default") in the performance of any obligation required to be performed by Landlord under this Lease if Landlord has failed to perform such obligation within 30 days after Landlord's receipt of written notice with respect thereto by Tenant (which notice shall be, if appropriate, the same notice given under Section 10(d)); provided, however, that if the nature of the Landlord Default is such that the same cannot reasonably be cured within such 30 day period, Landlord shall not be deemed to be in Landlord Default if Landlord shall within such period commence such cure and thereafter diligently prosecute the same to completion. If the Landlord Default is of such a nature that it materially and substantially interferes with Tenant's occupancy and use of the Premises and if such Landlord Default is not cured within the foregoing cure period, then Tenant shall have the right, at its option, with or without further notice or demand of any kind to Landlord or any other person, to any one or more of the following described remedies in addition to all other rights and remedies provided at law or in equity or elsewhere herein: (i) to remedy such default or breach and deduct the reasonable costs thereof, as evidenced by reasonable supporting documentation of such costs as previously delivered to Landlord (including but not limited to reasonable attorneys' fees) plus interest at the rate of ten (10%) per annum from the installments of Basic Rent next falling due; (ii) to pursue the remedy of specific performance; (iii) to seek money damages for loss arising from Landlord's failure to discharge its obligations under this Lease or offset such damages against Basic Rent next coming due; and/or (iv) to terminate this Lease by written notice thereof to Landlord.

(b) Waiver. Nothing herein contained shall relieve Landlord from its duty to effect the repair, replacement, correction or maintenance required to restore any affected services, or to perform any other obligations to the standard prescribed in this Lease, nor shall this Section be construed to obligate Tenant to undertake any such work.

(c) Emergency. Notwithstanding the foregoing cure period, Tenant may cure any default without notice where the failure promptly to cure such default would, in the reasonable opinion of Tenant, create or allow to persist an emergency condition or materially and adversely affect the operation of Tenant's business in the Premises.

15. ASSIGNMENT AND SUBLETTING. Tenant shall not have the right to assign, mortgage, encumber or otherwise transfer this Lease or sublet the whole or any part of the Premises unless Tenant first obtains Landlord's prior written consent, which consent may be withheld by Landlord in its sole and absolute discretion. However, no such assignment, subletting or other transfer shall relieve Tenant of any liability under this Lease without Landlord's prior written consent to the relieving of such liability of Tenant, which consent may be withheld by Landlord in its sole and absolute discretion.

16. ALTERATIONS AND ADDITIONS.

(a) Landlord Consent. Tenant shall not make any structural alterations, improvements, additions, or utility installations in or about the Premises (collectively, "Alterations") without first obtaining the written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed. However, Landlord's consent shall not be required for any Alteration that satisfies all of the following criteria: (1) complies with all Laws; (2) is not visible from the exterior of the Premises or Building; (3) will not materially affect the systems or structure of the Building; and (4) does not unreasonably interfere with the normal and customary operations of other tenants in the Building. If Landlord fails to respond in writing within 30 days of such request, Landlord shall be deemed to approve the Alterations.

(b) End of Term. Any Alterations not removed by Tenant shall become the property of Landlord and remain upon and be surrendered with the Premises at the expiration of the Term.

17. CONDEMNATION.

(a) Controlling Terms. If during the Term, or during the period of time between the execution of this Lease and the Commencement Date, there is any taking of all or any part of the Premises or any interest in this Lease by Condemnation (as defined below), this Section shall determine the rights and obligations of Tenant and Landlord. "Condemnation" shall mean the exercise of any governmental power to take title to any portion of the Premises, whether by legal proceedings or otherwise, by a Condemnor (as defined below) or a voluntary sale or transfer by Landlord to any Condemnor, either under threat of a Condemnor's exercise of such power or while legal proceedings are pending for the exercise of such power. "Condemnor" shall mean any public or quasi-public authority, or private corporation or individual, having the power of Condemnation.

(b) Total Taking. If the Premises are totally taken by Condemnation, this Lease shall terminate on the date the Condemnor has a right to possession of the Premises (the "Date of Taking").

(c) Partial Taking. If any portion, but not all, of the Premises is taken by Condemnation, this Lease shall remain in effect, except that Tenant may elect to terminate this Lease if, in Tenant's reasonable judgment, the remaining portion of the Premises (including the space available for parking) is rendered unsuitable for Tenant's continued use of the Premises. If Tenant elects to so terminate this Lease, Tenant must exercise its right to terminate by giving notice to Landlord within 30 days after the date that the nature and the extent of the Condemnation have been determined (the "Determination Date"), which notice shall set forth the

date of termination. Such termination date shall not be earlier than 30 days nor later than 90 days after Tenant has notified Landlord of its election to terminate; except that this Lease shall terminate on the Date of Taking if the Date of Taking falls on a date before the date of termination as designated by Tenant. If Tenant does not so notify Landlord within 30 days after the Determination Date, all obligations of Tenant under this Lease shall remain in effect, except that Basic Rent shall be equitably abated.

(d) Restoration. Notwithstanding the preceding paragraph, if, within 30 days after the Determination Date, Landlord notifies Tenant that Landlord at its cost will add to the remaining Premises so that the area of the Premises and the space available for parking, will be substantially the same after the Date of Taking as they were before the Date of Taking, and Landlord commences the restoration promptly and, subject to reasonable allowance for delays that are not caused by Landlord, completes it within 90 days after Landlord so notifies Tenant, this Lease shall continue in effect. All obligations of Tenant under this Lease shall remain in effect, except that Basic Rent shall be equitably abated or reduced during the period from the Date of Taking until the completion of such restoration.

(e) Award. The Award (as defined below) shall be divided between Landlord and Tenant as their respective interests may appear, except that Landlord shall be entitled to the entire amount of the so-called "lease bonus value" and the value attributable to the Landlord's Work. "Award" shall mean all compensation, sums or anything of value awarded, paid or received on a total or partial Condemnation of the Premises.

(f) Waiver of Statute. Landlord and Tenant hereby waive the provision of California Code of Civil Procedure Section 1265.130 allowing Landlord or Tenant to petition the superior court to terminate this Lease in the event of a partial taking of the Premises.

## 18. INDEMNIFICATION.

(a) Tenant's Indemnity. Tenant shall indemnify, defend and hold Landlord harmless from and against all liability, loss, cost and expense, including attorneys' fees, arising out of or as a result of: (i) the use of the Premises by Tenant or its agents, employees, contractors, or invitees, (ii) any negligent act, omission or willful misconduct of Tenant or its agents, employees, contractors or invitees, or (iii) arising from any breach or default under this Lease by Tenant. The foregoing provisions shall not be construed to make Tenant responsible for loss, damage, liability or expense to the extent of the negligence or willful misconduct of Landlord, or its agents, employees or contractors. Nothing in this Lease shall be construed to waive, limit, or supersede any of Tenant's rights or immunities under the California Labor Code, including but not limited to a waiver pursuant to section 3864 of the Labor Code.

(b) Landlord's Indemnity. Landlord shall indemnify, defend and hold Tenant harmless from and against all liability, loss, cost and expense, including attorneys' fees, arising out of or as a result of: (i) any negligent act, omission or willful misconduct of Landlord, or its agents, employees or contractors, or (ii) arising from any breach or default under this Lease by Landlord. The foregoing provisions shall not be construed to make Landlord responsible for loss, damage, liability or expense to the extent of the negligence or willful misconduct of Tenant or its agents, employees or contractors.

19. INSURANCE.

(a) Landlord's Insurance. During the term of this Lease, Landlord shall maintain the following insurance:

(i) Commercial property insurance which shall (1) cover damage to Landlord's property, including improvements and betterments, from perils covered by the causes-of-loss special form (ISO form CP 10 30, or equivalent), and include ordinance or law coverage (and coverage against acts of terrorism to the extent such coverage is reasonably available and priced at commercially reasonable rates); and (2) be written full replacement cost of the property, with a deductible of no greater than 5% of the property value. Landlord shall carry insurance on any furniture and furnishings that are part of the Tenant Improvements that will become the property of Tenant at the expiration of the Term and on all modular furniture installed in the Premises as part of the Tenant Improvements. Insurance proceeds of Landlord's insurance shall be payable to Landlord and not to Tenant.

(ii) General liability insurance (written on ISO policy form CG 00 01 or its equivalent) with limits of not less than the following: (1) per occurrence and general aggregate amount of \$5,000,000; (2) products/completed operations aggregate of \$2,000,000; and (3) personal and advertising injury of \$1,000,000. This requirement can be satisfied with a combination of primary and excess policies.

(iii) Failure by Landlord to maintain the insurance required by this Section and deliver evidence thereof as required by this Lease or to use any insurance proceeds to timely repair and restore the Premises shall allow Tenant to enforce its rights as provided in Section 14 hereof.

(b) Insurance Requirements. All insurance policies required to be maintained by Landlord under this Lease shall be issued by insurance companies which have a Best's Rating of "AVII" or better and which are qualified to do business in the State of California. All liability and property damage and other casualty policies of Landlord shall be written as primary policies, not contributing with, and not in excess of coverage which Tenant may carry.

(c) Certificates. Landlord shall deliver to Tenant on the Commencement Date of this Lease and annually thereafter prior to expiration of any insurance required to be carried hereunder, certificates of insurance evidencing this coverage with limits not less than those specified above. Certificates shall include the address of the leased premises and must document that each party has named the other as an additional insured (or its equivalent) on its general liability insurance policy. Further, all certificates or insurance endorsements shall expressly provide that no less than 30 days' prior written notice shall be given to Tenant in the event of material change to, expiration or cancellation of the coverages or policies evidenced by the certificates or contained in the insurance policies.

(d) Waiver of Subrogation. Landlord and Tenant each hereby waive its rights against one another to the extent such claims are covered by the property insurance policies required to be carried hereunder or by self-insurance allowed hereunder. Landlord and Tenant each shall cause its insurance carriers to consent to the waiver of rights of subrogation against the other party.

(e) Tenant's Insurance/Self-Insurance. Tenant shall obtain commercial property insurance for perils covered by the causes-of-loss special form (ISO form CP 10 30, or

equivalent) on the alterations, additions and improvements by Tenant at the Premises and the personal property of Tenant at the Premises (except those alterations, additions, improvements and personal property constituting Tenant Improvements, since those are to be insured by Landlord under Section 19(a)(i) above), all at replacement cost or Tenant shall self-insure for such coverage by delivery of written notice thereof to Landlord. If Tenant elects to self-insure, Tenant shall provide Landlord with indemnity, defense and payments with respect to claims that would otherwise be covered by the insurance required hereunder in the same manner and with the same protections and rights of Landlord as an insurer would be required to provide.

## 20. PARKING.

(a) Tenant's Rights. Tenant shall have the right to the number of parking stalls set forth in Section 1.1(n) above within the Common Areas, on a non-exclusive, first-come, first-served basis, without charge for the Term of this Lease. Tenant shall be entitled to full in/out privileges. Tenant's parking rights shall be subject to reasonable parking rules and regulations adopted by Landlord from time to time, provided that such procedures shall be uniformly applied to all tenants. No cars, trucks or trailers shall be parked by Tenant or its agents, employees, contractors or invitees within the Common Areas, except within designated parking stalls. Tenant acknowledges that the parking in the Common Areas is not for the exclusive use of Tenant, rather, all such parking spaces are to be used on a non-exclusive, first-come, first-served basis by Landlord, Tenant and other tenants, occupants, licensees, invitees and permittees of the Property.

(b) Remedies. Landlord acknowledges that Tenant may enforce its rights under Section 14 hereof in the event Landlord fails to allow Tenant the parking rights available to Tenant under this Lease.

## 21. ENVIRONMENTAL MATTERS

(a) Hazardous Materials. Tenant and Landlord may cause or permit Hazardous Materials to be brought upon, stored, manufactured, generated, blended, handled, recycled, treated, disposed or used on, under or about the Premises, the Building or the Common Areas by their employees, agents, customers, visitors, invitees, licensees, contractors, assignees or subtenants, to the extent consistent with applicable Environmental Laws (and, to the extent Tenant or those taking under Tenant are doing so pursuant to a use allowed by this Lease). Tenant and Landlord use or store Hazardous Materials on the Premises as part of their daily Boatwright shop and boat repairs operations including but not limited to solvents, lubricants, fuel including other petroleum based products or in usual and customary quantities stored, used and disposed of in accordance with all applicable Environmental Laws. As used herein, "Hazardous Materials" means any chemical, substance, material, controlled substance, object, condition, waste, living organism or combination thereof, whether solid, semi solid, liquid or gaseous, which is or may be hazardous to human health or safety or to the environment due to its radioactivity, ignitability, corrosivity, reactivity, explosivity, toxicity, carcinogenicity, mutagenicity, phytotoxicity, infectiousness or other harmful or potentially harmful properties or effects, including, without limitation, molds, toxic levels of bacteria, tobacco smoke within the Premises, petroleum and petroleum products, asbestos, radon, polychlorinated biphenyls (PCBs), refrigerants (including those substances defined in the Environmental Protection Agency's "Refrigerant Recycling Rule," as amended from time to time) and all of those chemicals,

substances, materials, controlled substances, objects, conditions, wastes, living organisms or combinations thereof which are now or become in the future listed, defined or regulated in any manner by any Environmental Law based upon, directly or indirectly, such properties or effects. As used herein, "Environmental Laws" means any and all federal, state or local environmental, health and/or safety-related laws, regulations, standards, decisions of courts, ordinances, rules, codes, orders, decrees, directives, guidelines, permits or permit conditions, currently existing and as amended, enacted, issued or adopted in the future which are or become applicable to Tenant, Landlord, the Premises, the Building or the Common Areas.

(b) Landlord Indemnity. Landlord shall indemnify, protect, defend (by counsel acceptable to Tenant) and hold harmless Tenant from and against any and all claims, judgments, causes of action, damage, penalties, fine, taxes, costs, liabilities, losses and expenses arising at any time during or after the Term as a result (directly or indirectly) of or in connection with the presence of Hazardous Materials on, under or about the Premises, Building or Common Areas if brought there by Landlord and not exacerbated by Tenant. This indemnity shall include, without limitation, the cost of any required or necessary repair, cleanup or detoxification, and the preparation and implementation of any closure, monitoring or other required plans, as such action is required by local or state laws or any governmental agency. Landlord shall promptly deliver to Tenant a copy of any notice received from any governmental agency during the Term of this Lease concerning the presence of Hazardous Materials in the Building or the Premises. Landlord's obligations pursuant to the foregoing indemnity shall survive the expiration or termination of this Lease. A default by Landlord under this Section shall enable Tenant to enforce its rights under Section 14 hereof. Nothing herein shall act to limit or reduce Landlord's rights and obligations under the Master Lease with respect to Hazardous Materials.

(c) Tenant Indemnity. Tenant shall indemnify, protect, defend (by counsel acceptable to Landlord) and hold harmless Landlord from and against any and all claims, judgments, causes of action, damage, penalties, fine, taxes, costs, liabilities, losses and expenses arising at any time during or after the Term as a result (directly or indirectly) of or in connection with the presence of Hazardous Materials on, under or about the Premises, Building or Common Areas if brought there by Tenant and not exacerbated by Landlord. This indemnity shall include, without limitation, the cost of any required or necessary repair, cleanup or detoxification, and the preparation and implementation of any closure, monitoring or other required plans, as such action is required by local or state laws or any governmental agency. Tenant shall promptly deliver to Landlord a copy of any notice received from any governmental agency during the Term of this Lease concerning the presence of Hazardous Materials in the Building or the Premises. Tenant's obligations pursuant to the foregoing indemnity shall survive the expiration or termination of this Lease. A default by Tenant under this Section shall enable Landlord to enforce its rights under Section 13 hereof. Nothing herein shall act to limit or reduce Tenant's rights and obligations under the Master Lease with respect to Hazardous Materials.

22. ESTOPPEL CERTIFICATES. Tenant shall, within 30 days after written request of Landlord, execute, acknowledge and deliver to Landlord or its designee a written statement in the form of Document II in the Supplemental Lease Documents delivered to Landlord concurrently herewith (properly completed) but shall have no other obligation to deliver any other form of estoppel certificate. It is intended that any such statement delivered pursuant to this Section may be relied upon by a prospective purchaser of Landlord's interest or holder of any mortgage upon Landlord's interest in the Premises.

23. TENANT IMPROVEMENTS Prior to the Commencement Date, Landlord shall construct the Tenant Improvements in the manner set forth in the Landlord's Work Letter executed by Landlord and Tenant concurrently herewith.

24. LIENS. Tenant shall keep its interest in this Lease and the Premises free from any liens arising out of any work performed or materials ordered or obligations incurred by Tenant. Landlord shall keep its interest in this Lease and the Premises free from any liens which would impair the interest of Tenant hereunder and hereby indemnifies and holds Tenant harmless from any liability or loss from any such lien.

25. SUBORDINATION AND MORTGAGES

(a) Subordination and Non-Disturbance. Tenant agrees, at Landlord's option, to subordinate this Lease to the lien of any mortgages or deeds of trust now or hereafter in force against the Building; provided, however, Tenant's obligation to subordinate this Lease is expressly conditioned upon Tenant receiving a written agreement in the form of Document I in the Supplemental Lease Documents delivered to Landlord concurrently herewith and provided further that no such subordination shall affect any option to extend the Term of this Lease, right of first offer to lease additional premises, option to purchase or right of first offer to purchase the Property which may be included herein.

(b) Existing Deeds of Trust. The beneficiary under any existing deed of trust affecting the Building shall provide a written agreement to Tenant in the form of Document I in the Supplemental Lease Documents delivered to Landlord concurrently herewith within 30 days after the execution of this Lease.

(c) Request for Notice. Landlord acknowledges that Tenant intends to record a Request for Notice with respect to any mortgages or deeds of trust affecting the Property in the form of Document V in the Supplemental Lease Documents delivered to Landlord concurrently herewith.

(d) Notice of Default. If any mortgagee or beneficiary under a deed of trust affecting the Property gives written notice of its name and address to Tenant by registered mail requesting any such notice with reference to this Section, Tenant agrees to use its best efforts (but without liability for failure to do so) to give such mortgagee a copy of any notice of default served upon Landlord hereunder, and Tenant agrees that it shall not have the right to terminate this Lease until after Tenant has delivered to Landlord's mortgagee written notice of Tenant's intent to terminate this Lease, if any event or default has occurred that would otherwise give Tenant the right to terminate this Lease, and allowed such mortgagee the same time to cure as is allowed Landlord hereunder, which time shall not commence as to such mortgagee until it has received such notice from Tenant; provided, however, that if such mortgagee is required to gain possession of the Property in order to cure same, then the mortgagee shall have such additional time as is reasonably necessary to gain possession of the Premises before such time period shall begin.

26. SURRENDER OF POSSESSION. Subject to casualty, at the expiration of the Term of this Lease, whether by lapse of time or otherwise, Tenant shall promptly and peacefully surrender the Premises to Landlord in a "broom-clean" condition. Tenant may (but shall not be

required to) remove, at its own expense, all fixtures, equipment and all other personal property placed or installed in or upon the Premises by Tenant, or under its authority (including any modular furniture).

27. SIGNAGE. Tenant shall be permitted to install at the Premises reasonably appropriate signs that conform with any and all applicable laws and ordinances, subject to Landlord's right to retain the existing signage (or replace same) and also subject to Tenant obtaining the approval of the Marina del Rey Design Review Board, to the extent required by law or desired by Tenant.

28. QUIET ENJOYMENT. So long as Tenant is not in default hereunder, Tenant shall have the right to the quiet and peaceful enjoyment and possession of the Premises during the Term of this Lease, subject to the terms and conditions of this Lease.

## 29. GENERAL

(a) Headings. Titles to Sections of this Lease are not a part of this Lease and shall have no effect upon the construction or interpretation of any part hereof.

(b) Successors and Assigns. All of the covenants, agreements, terms and conditions contained in this Lease shall inure to and be binding upon the Landlord and Tenant and their respective successors and assigns, subject to the limitations upon Tenant's right to assign as contained in this Lease.

(c) Brokers. Landlord and Tenant each represent and warrant to each other that it has not engaged any broker, finder or other person who would be entitled to any commission or fees in respect of the negotiation, execution or delivery of this Lease.

(d) Entire Agreement. This Lease (and the Landlord's Work Letter and Supplemental Lease Documents) is the final and complete expression of Landlord and Tenant relating in any manner to the leasing, use and occupancy of the Premises, to Tenant's use of the Building and other matters set forth in this Lease. No prior agreements or understanding pertaining to the same shall be valid or of any force or effect and the covenants and agreements of this Lease shall not be altered, modified or added to except in writing signed by both Landlord and Tenant.

(e) Severability. Any provision of this Lease which shall prove to be invalid, void or illegal shall in no way affect, impair or invalidate any other provision hereof and the remaining provisions hereof shall nevertheless remain in full force and effect.

(f) Notices. All notices and communications to any party hereunder shall be in writing and shall be deemed properly given if delivered personally, sent by registered or certified mail, postage prepaid, or by a recognized overnight commercial messenger providing proof of delivery, facsimile (electronically confirmed) to Landlord's Address for Notice and Tenant's Address for Notice as set forth in Section 1. Any notice so given shall be deemed to have been given as of the date of delivery (whether accepted or refused) established by U.S. Post Office return receipt, the overnight carrier's proof of delivery or ~~electronic confirmation of a facsimile~~, as the case may be. Any such notice not so given shall be deemed given upon receipt of the same by the party to whom the same is to be given.

(g) Governing Law and Forum. This Lease shall be governed by and construed in accordance with the internal laws of the State of California. Any litigation with respect to this Lease shall be conducted in the County of Los Angeles, State of California.

(h) Waivers. No waiver by Landlord or Tenant of any provision hereof shall be deemed a waiver of any other provision hereof or of any subsequent breach by Landlord or Tenant of the same or any other provision. Landlord's or Tenant's consent to or approval of any act shall not be deemed to render unnecessary the obtaining of Landlord's or Tenant's consent to or approval of any subsequent act by Landlord or Tenant.

(i) Time of Essence. Time is of the essence for the performance of all of the obligations specified hereunder.

(j) Consent. Whenever any consent is required by Landlord or Tenant hereunder, such consent shall not be unreasonably withheld, conditioned or delayed unless a different standard is expressly set forth in this Lease. And, unless otherwise specifically provided herein, any consent requested by either party hereunder shall be deemed granted if not refused within thirty (30) days after written request is made therefor, together with all necessary information.

(k) Community Business Enterprises. Landlord shall complete and deliver to Tenant concurrently with the execution hereof a Community Business Enterprises form set forth as Document III in the Supplemental Lease Documents delivered to Landlord concurrently herewith.

(l) Memorandum of Lease. If requested by Tenant, Landlord and Tenant shall execute and acknowledge a Memorandum of Lease in the form of Document IV in the Supplemental Lease Documents delivered to Landlord concurrently herewith, which Memorandum may be recorded by Tenant in the Official Records of Los Angeles County. Upon termination of this Lease, Tenant shall execute a reasonable instrument, in recordable form, terminating the Memorandum of Lease of record.

(m) No Merger. The fact that County is both the landlord under the Master Lease and the tenant under this Lease shall not cause a merger of the Master Lease and this Lease.

(n) Interest. In any situation where Tenant has failed to pay any sum pursuant to this Lease, such sums shall be due and payable within five days after Tenant's receipt of written demand, together with interest at the Applicable Rate (as that term is defined in the Master Lease) from the date such sum was due until the time payment is received by Landlord.

(o) Attorneys' Fees. In the event of any action or proceeding arising out of or in connection with this Lease, whether or not pursued to judgment, the prevailing party shall be entitled, in addition to all other relief, to recover its costs and reasonable attorneys' fees, including without limitation reasonable attorneys' fees for County Counsel's services where County is represented by the County Counsel and is the prevailing party, and also including all fees, costs and expenses incurred in executing, perfecting, enforcing and collecting any judgment.

30. AUTHORITY. Only the Board of Supervisors has the authority, by formally approving and/or executing this Lease, to bind the County to the terms included herein. Each individual executing this Lease on behalf of Tenant represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of Tenant, and that this Lease is binding upon Tenant in accordance with its terms. Landlord understands that no material terms of this Lease may be altered or deleted, nor may any new material terms be added to this Lease, without the express written approval of the Board of Supervisors, either through an amendment to the Lease or by other formal board action. No County officer, employee, agent or independent contractor has any authority to alter, add or delete the material terms of this Lease and Landlord may not rely upon any representations to the contrary. This limitation of authority applies to all

material terms of the Lease including, without limitation, any monetary ceiling established for Tenant Improvements or other project costs of Landlord which are subject to reimbursement by County. County shall not reimburse Landlord for any expenses which exceed this ceiling. Notwithstanding the foregoing, the Chief Executive Officer of the County or its delegate (the "Chief Executive Officer") may take any administrative act on behalf of Tenant hereunder which does not have the effect of increasing Basic Rent or other financial obligations of Tenant under this Lease, including without limitation, granting any approvals, signing estoppel certificates, signing the Commencement Date Memorandum and Confirmation of Lease Terms or subordinating this Lease. Each individual executing this Lease on behalf of Landlord represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of Landlord, and that this Lease is binding upon Landlord in accordance with its terms.

31. ACKNOWLEDGMENT BY LANDLORD. Landlord acknowledges that it is aware of the following provisions:

(a) Consideration of GAIN Program Participants. Should Landlord require additional or replacement personnel after the effective date of this Lease, Landlord shall give consideration for any such employment, openings to participants in the County Department of Public Social Services' Greater Avenues for Independence ("GAIN") Program who meet Landlord's minimum qualifications for the open position. The County will refer GAIN participants by job category to Landlord.

(b) Solicitation of Consideration. It is improper for any County officer, employee or agent to solicit consideration in any form from a landlord with the implication, suggestion or statement that the landlord's provision of the consideration may secure more favorable treatment for the landlord in the award of the Lease or that landlord's failure to provide such consideration may negatively affect the County's consideration of the landlord's offer to lease. A landlord shall not offer or give, either directly or through an intermediary, consideration in any form to a County officer, employee or agent for the purpose of securing favorable treatment with respect to the award of the Lease.

Landlord shall immediately report any attempt by a County officer, employee or agent to solicit such improper consideration. The report shall be made either to the County manager charged with the supervision of the employee or to the County Auditor-Controller's Employee Fraud Hotline. Failure to report such solicitation may result in the landlord's submission being eliminated from consideration.

(c) Landlord Assignment.

(i) Landlord may assign, transfer, mortgage, hypothecate or encumber Landlord's right, title and interest in and to this Lease or any portion thereof (including the right to receive rental payments), and Landlord may execute any and all instruments providing for the payment of Basic Rent directly to an assignee or transferee.

(ii) Any document or agreement purporting to assign, transfer, mortgage, hypothecate or encumber Landlord's right, title and interest in and to this Lease or any portion thereof, is hereinafter referred to as a "Security Agreement."

(iii) In the event of an assignment or transfer of Landlord's interest in this Lease, Landlord agrees that it will comply with Section 5951 of the California Government

Code, and Landlord shall indemnify, defend and hold County and its officers, agents and employees harmless from and against all claims and liability alleged to arise from the inaccuracy or incompleteness of any information furnished by Landlord in violation thereof.

(iv) Landlord shall give the County notice and a copy of each Security Agreement and any other instrument relating thereto (including, but not limited to, instruments providing for the payment of Basic Rent directly to an assignee or transferee) promptly following the effective date thereof.

(v) Landlord shall not furnish any confidential information concerning County that is prepared by the County for its internal purposes (including, but not limited to, offering memoranda, financial statements, economic and demographic information, and legal opinions rendered by the office of counsel for the County) that are marked confidential when provided to Landlord, any positions taken by the County in the negotiations of the specific terms of this Lease, or the resulting specific terms of this Lease, except to accountants, attorneys, lenders, brokers and others Landlord reasonably determines should know in connection with the operation, financing, sale or other aspects of ownership of the Property; provided, however, that any such confidential information may be disclosed by Landlord if required by law or subpoena or is in the public domain without fault of Landlord.

(vi) Whenever in this Section Landlord is referred to, such reference shall be deemed to include Landlord's successors or assigns, and all covenants and agreements by or on behalf of Landlord herein shall bind and apply to Landlord's successors and assigns whether so expressed or not.

(vi) In the event of an assignment or transfer of this Lease by Landlord, Landlord shall be released of all liabilities and obligations thereafter accruing under this Lease.

32. IRREVOCABLE OFFER. In consideration for the time and expense that Tenant will invest, including, but not limited to, preliminary space planning, legal review, and preparation and noticing for presentation to the Tenant Real Estate Management Commission of Los Angeles County in reliance on Landlord's agreement to lease the Premises to Tenant under the terms of this Lease and so long as Tenant is diligently pursuing all reviews, approvals, plans and permits required in connection with this Lease, Landlord irrevocably offers to enter into this Lease and not to revoke this offer until the Irrevocable Offer Expiration Date, as defined in Section 1.

33. SUBLEASE AGREEMENT. It is understood and recognized that this Lease constitutes a sublease to that commercial master lease entitled "Master Lease Agreement between Harbor Real Estate Limited Partnership, a Delaware limited partnership, and County of Los Angeles," entered into between Harbor Real Estate Limited Partnership, a Delaware limited partnership and County dated as of March 1, 1962 and subsequent 14 amendments (the "Master Lease"), and that any references to "Lease," "Landlord," or "Tenant" herein shall mean sublease, sublandlord and subtenant with respect to the Master Lease. The rights of Tenant herein shall be subject in all respects to the terms of, and the rights of, Landlord as set forth in the Master Lease. Except as otherwise expressly provided in this Sublease, the covenants, agreements, terms, provisions and conditions of the Master Lease to which this Lease is subject are made a part of and incorporated into this Sublease as if recited herein in full. Notwithstanding anything to the contrary set forth in this Sublease, as between the parties hereto only, in the event of conflict between the terms of the Master Lease and the terms of this Sublease, the terms of this Sublease shall control; provided, however, that in the event the observance or performance by either party to the terms herein would result in a breach of the terms of the Master Lease, the subject terms of

the Sublease shall be invalid and unenforceable and the corresponding terms of the Master Lease shall control.

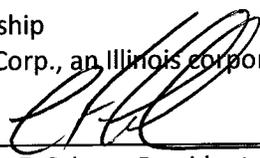
34. PERCENTAGE RENT. Tenant agrees to pay Landlord, in addition to any and all amounts owing by Tenant to Landlord under this Lease, any and all amounts of percentage rent and other amounts owing by Landlord to its landlord under the Master Lease (collectively, the "Percentage Rent") as and when Landlord is required to pay same under the Master Lease, whether such Percentage Rent is arising out of or relating to this Lease, the operations of Tenant's business at the Premises, the revenues of Tenant's business (or the business of others operating under Tenant) at the Premises, the payments made or required to be made by Tenant under this Lease, or otherwise.

IN WITNESS WHEREOF this Lease has been executed the day and year first above set forth.

LANDLORD:

HARBOR REAL ESTATE LIMITED PARTNERSHIP, a Delaware limited partnership

By: Vappareto Corp., an Illinois corporation, Its General Partner

By:   
Gregory F. Schem, President

TENANT:

COUNTY OF LOS ANGELES  
a body politic and corporate

By: \_\_\_\_\_  
Name: MICHAEL D. ANTONOVICH  
Mayor, Board of Supervisors

ATTEST:

**PATRICK OGAWA**  
Acting Executive Officer - Clerk  
of the Board of Supervisors

By: \_\_\_\_\_  
Deputy

APPROVED AS TO FORM:  
MARK J. SALADINO  
County Counsel

By:   
Deputy

EXHIBIT A  
FLOOR PLAN OF PREMISES  
[SEE ATTACHED TWO PAGES]

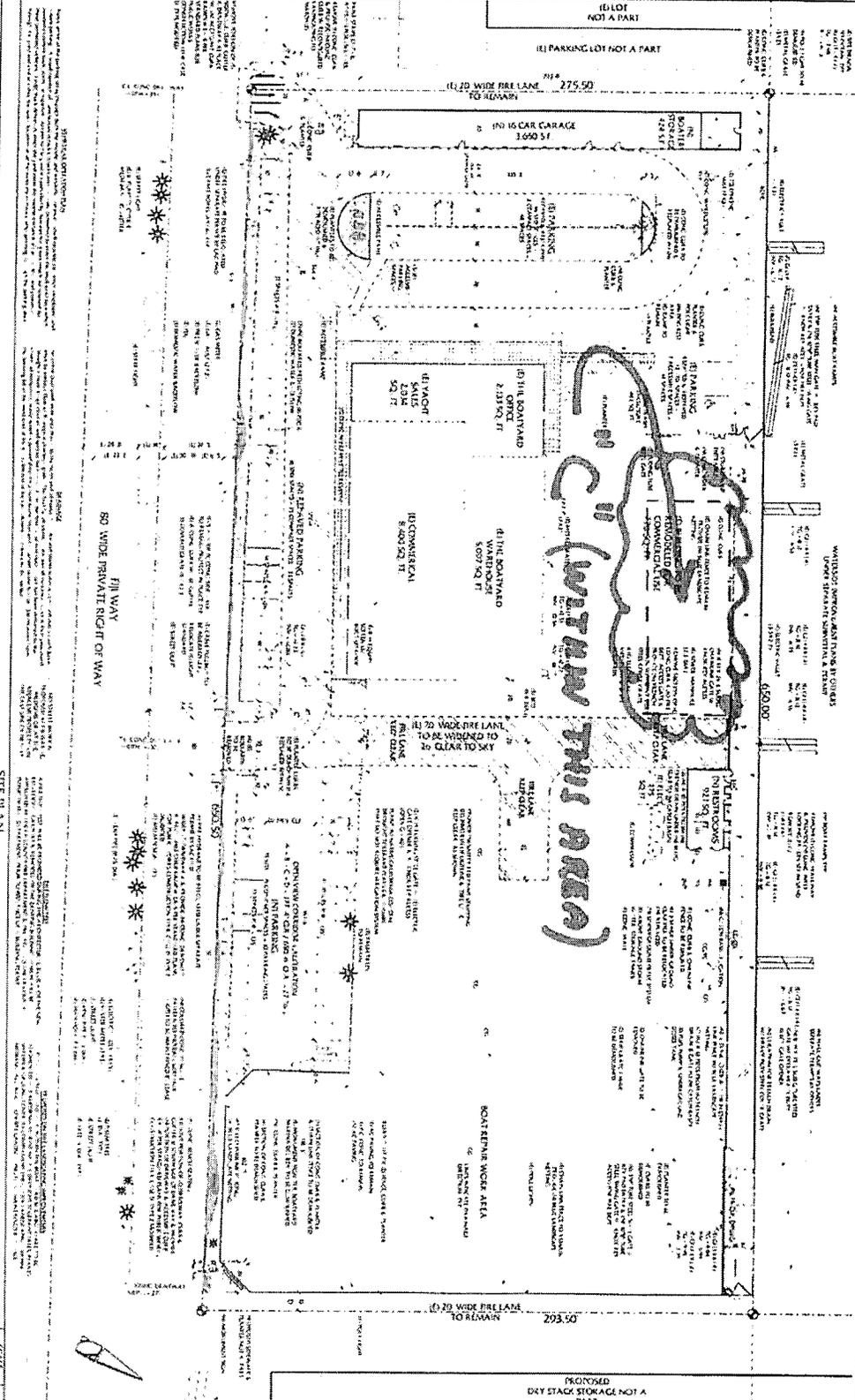


# EXHIBIT A

## Page 2 of 2

1310 A1 SITE PLAN

102/14 8:11 PM



VICINITY MAP		PROJECT DIRECTORY		ESTIMATED SITE WORK TABULATIONS		PROJECT DATA																																																																									
<p>PROJECT: THE BOATYARD RENOVATION            1310 A1 SITE PLAN            102/14 8:11 PM</p>		<p>PROJECT: THE BOATYARD RENOVATION            1310 A1 SITE PLAN            102/14 8:11 PM</p>		<p>ESTIMATED SITE WORK TABULATIONS</p> <table border="1"> <thead> <tr> <th>ITEM</th> <th>DESCRIPTION</th> <th>QTY</th> <th>UNIT</th> <th>PRICE</th> <th>TOTAL</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Excavation</td> <td>100</td> <td>CY</td> <td>10.00</td> <td>1000.00</td> </tr> <tr> <td>2</td> <td>Foundation</td> <td>50</td> <td>LF</td> <td>20.00</td> <td>1000.00</td> </tr> <tr> <td>3</td> <td>Roofing</td> <td>200</td> <td>SF</td> <td>5.00</td> <td>1000.00</td> </tr> <tr> <td>4</td> <td>Interior Finishes</td> <td>100</td> <td>SF</td> <td>10.00</td> <td>1000.00</td> </tr> <tr> <td>5</td> <td>Exterior Finishes</td> <td>50</td> <td>SF</td> <td>20.00</td> <td>1000.00</td> </tr> <tr> <td>6</td> <td>Site Work</td> <td>100</td> <td>SF</td> <td>10.00</td> <td>1000.00</td> </tr> <tr> <td>7</td> <td>Utilities</td> <td>100</td> <td>LF</td> <td>10.00</td> <td>1000.00</td> </tr> <tr> <td>8</td> <td>Other</td> <td>100</td> <td>SF</td> <td>10.00</td> <td>1000.00</td> </tr> <tr> <td colspan="5"><b>TOTAL</b></td> <td><b>7000.00</b></td> </tr> </tbody> </table>		ITEM	DESCRIPTION	QTY	UNIT	PRICE	TOTAL	1	Excavation	100	CY	10.00	1000.00	2	Foundation	50	LF	20.00	1000.00	3	Roofing	200	SF	5.00	1000.00	4	Interior Finishes	100	SF	10.00	1000.00	5	Exterior Finishes	50	SF	20.00	1000.00	6	Site Work	100	SF	10.00	1000.00	7	Utilities	100	LF	10.00	1000.00	8	Other	100	SF	10.00	1000.00	<b>TOTAL</b>					<b>7000.00</b>	<p>PROJECT DATA</p> <table border="1"> <thead> <tr> <th>PROPERTY</th> <th>OWNER</th> <th>ADDRESS</th> <th>CITY</th> <th>STATE</th> <th>ZIP</th> </tr> </thead> <tbody> <tr> <td>1310 A1</td> <td>BOATYARD RENOVATION</td> <td>1310 A1</td> <td>LOS ANGELES</td> <td>CA</td> <td>90001</td> </tr> </tbody> </table>		PROPERTY	OWNER	ADDRESS	CITY	STATE	ZIP	1310 A1	BOATYARD RENOVATION	1310 A1	LOS ANGELES	CA	90001
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**BoatYard**

**SITE PLAN**

**THE BOATYARD RENOVATION**

A1

GENERAL CONTRACTOR OF THE BOATYARD RENOVATION, ALL PRELIMINARY, MEASUREMENTS, ENGINEERING, AND PLANS SHOWN HEREON OR REFERENCED TO IN THIS DRAWING ARE OWNED BY AND ARE PROPERTY OF THE DESIGN AND CONSTRUCTION COMPANY. NO PART OF THIS DRAWING OR ANY INFORMATION CONTAINED HEREIN IS TO BE REPRODUCED OR TRANSMITTED IN ANY FORM OR BY ANY MEANS, ELECTRONIC OR MECHANICAL, INCLUDING PHOTOCOPYING, RECORDING, OR BY ANY INFORMATION STORAGE AND RETRIEVAL SYSTEM, WITHOUT THE WRITTEN PERMISSION OF THE DESIGN AND CONSTRUCTION COMPANY.

DATE: 10/24/14  
 DRAWN BY: [Name]  
 CHECKED BY: [Name]  
 PROJECT NO: [Number]

EXHIBIT B

LEGAL DESCRIPTION OF PROPERTY

Marina Del Rey  
Lease Parcel No. 53

Parcels 832 to 845 inclusive, in the County of Los Angeles, State of California, as shown on Los Angeles County Assessor's Map No. 88, recorded in Book 1, pages 53 to 70 inclusive, of Assessor's Maps, in the office of the Recorder of said county.

Reserving and excepting therefrom unto the County of Los Angeles easements for sanitary sewer, fire access and harbor utility purposes over those portions thereof designated on said map to be reserved by said county for such purposes.

EXHIBIT C

COMMENCEMENT DATE MEMORANDUM  
AND CONFIRMATION OF LEASE TERMS

Reference is made to that certain lease ("Lease") dated \_\_\_\_\_, 20\_\_\_\_, between County of Los Angeles, a body politic and corporate ("Tenant"), and Harbor Real Estate Limited Partnership, a Delaware limited partnership ("Landlord"), whereby Landlord leased to Tenant and Tenant leased from Landlord certain premises in the building and certain yard area located at 13555 Fiji Way, Marina Del Rey ("Premises"),

Landlord and Tenant hereby acknowledge as follows:

- (1) Landlord delivered possession of the Premises to Tenant in a Substantially Complete condition on \_\_\_\_\_ ("Possession Date");
- (2) Tenant has accepted possession of the Premises and now occupies the same;
- (3) The Lease commenced on \_\_\_\_\_ ("Commencement Date");
- (4) The Premises contain 11,180 square feet of space; and
- (5) Basic Rent per Month is \$25,610, initially.

IN WITNESS WHEREOF, this Memorandum is executed this \_\_\_ day of \_\_\_\_\_, 20\_\_.

"Tenant"	"Landlord"
COUNTY OF LOS ANGELES, a body politic and corporate  By: _____ Name: _____ Its: _____	HARBOR REAL ESTATE LIMITED PARTNERSHIP, a Delaware limited partnership  By: Vappareto Corp., an Illinois corporation, Its General Partner  By: _____ Gregory F. Schem, President

EXHIBIT D  
HVAC STANDARDS

Landlord shall supply cooling, ventilating and heating during Normal Working Hours established by the Lease.

EXHIBIT E

CLEANING AND MAINTENANCE SCHEDULE

1. SEMI-ANNUALLY

The exterior of windows washed not less frequently than twice annually.

2. AS NEEDED

A. The sidewalks, driveways, parking areas and reasonable means of access and egress for the Premises should be maintained in good repair as provided in the Lease.

B. All lawns, shrubbery and foliage on the Common Areas should be maintained in good condition.

EXHIBIT F

**TENANT ESTOPPEL CERTIFICATE**

To: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attn: \_\_\_\_\_

Re: Date of Certificate: \_\_\_\_\_  
Lease Dated: \_\_\_\_\_  
Current Landlord: \_\_\_\_\_  
Located at: \_\_\_\_\_  
Premises: \_\_\_\_\_  
Commencement Date of Term: \_\_\_\_\_  
Expiration Date: \_\_\_\_\_  
Current Rent: \_\_\_\_\_

County of Los Angeles ("Tenant") hereby certifies that as of the date hereof:

1. Tenant is the present owner and holder of the tenant's interest under the lease described above, as it may be amended to date (the "Lease"). The Lease covers the premises described above (the "Premises") in the building (the "Building") at the address set forth above.
2.
  - (a) A true, correct and complete copy of the Lease (including all modifications, amendments, supplements, side letters, addenda and riders of and to it) is attached to this Certificate as Exhibit A.
  - (b) The current Rent is set forth above.
  - (c) The term of the Lease commenced on the Commencement Date set forth above and will expire on the Expiration Date set forth above, including any presently exercised option or renewal term. Except as specified in the Lease, Tenant has no option or right to renew, extend or cancel the Lease.
  - (d) Except as specified in the Lease, Tenant has no option or right to lease additional space in the Premises or Building or to use any parking.
  - (e) Except as specified in the Lease, Tenant has no option or preferential right to purchase all or any part of the Premises (or the land of which the Premises are a part).
  - (f) Tenant has made no agreement with Landlord or any agent, representative or employee of Landlord concerning free rent, partial rent, rebate of rental payments or any other similar rent concession, except as expressly set forth in the Lease.
3.
  - (a) The Lease constitutes the entire agreement between Tenant and Landlord with respect to the Premises, has not been modified, changed, altered or amended and is in full force and effect. There are no other agreements, written or oral, which affect Tenant's occupancy of the Premises.
  - (b) To the knowledge of Tenant, Tenant has not given Landlord written notice of a material default under the Lease which has not been cured.
  - (c) The interest of Tenant in the Lease has not been assigned or encumbered. Tenant is not entitled to any credit against any rent or other charge or rent

concession under the Lease except as set forth in the Lease. No rental payments have been made more than one month in advance.

4. All contributions required to be paid by Landlord to date for improvements to the Premises have been paid in full and all of Landlord's obligations with respect to tenant improvements have been fully performed.

IN WITNESS WHEREOF, the Tenant has executed this Tenant Estoppel Certificate as of the day set forth above.

COUNTY OF LOS ANGELES

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

APPROVED AS TO FORM:

MARK SALADINO  
County Counsel

By: \_\_\_\_\_  
Deputy:

EXHIBIT G

**SUBORDINATION, NON-DISTURBANCE**

**AND ATTORNMENT AGREEMENT**

**AND WHEN RECORDED MAIL TO:** )  
 )  
**County of Los Angeles** )  
**CHIEF EXECUTIVE OFFICE** )  
**Real Estate Division** )  
**222 South Hill Street, 3<sup>rd</sup> Floor** )  
**Los Angeles, California 90012** )

Space above for Recorder's Use

**SUBORDINATION, NON-DISTURBANCE  
AND ATTORNMENT AGREEMENT**

**NOTICE: THIS SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT RESULTS IN YOUR LEASEHOLD ESTATE BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENT.**

This Subordination, Non-Disturbance and Attornment Agreement ("Agreement") is entered into as of the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_ by and among COUNTY OF LOS ANGELES, a body politic and corporate ("Tenant"), \_\_\_\_\_ ("Borrower") and \_\_\_\_\_, ("Lender").

Factual Background

A. Borrower owns certain real property more particularly described in the attached Exhibit A. The term "Property" herein means that real property together with all improvements (the "Improvements") located on it.

B. Lender has made or agreed to make a loan to Borrower. The Loan is or will be secured by a deed of trust or mortgage encumbering the Property (the "Deed of Trust").

C. Tenant and Borrower (as "Landlord") entered into a lease dated \_\_\_\_\_ (the "Lease") under which Borrower leased to Tenant a portion of the Improvements located within the Property and more particularly described in the Lease (the "Premises").

D. Tenant is willing to agree to subordinate Tenant's rights under the Lease to the lien of the Deed of Trust and to attorn to Lender on the terms and conditions of this Agreement. Tenant is willing to agree to such subordination and attornment and other conditions, provided that Lender agrees to a Non-Disturbance provision, all as set forth more fully below.

Agreement

Therefore, the parties agree as follows:

1. Subordination. The Lease shall be subject and subordinate to the lien of the Deed of Trust and to any renewals, modifications, consolidations, replacements and extensions of

the Deed of Trust to the full extent of the principal sum secured by the Deed of Trust including any interest except that if Tenant is granted any option to extend the term of the Lease, right of first offer to lease additional premises, option to purchase the Property, or right of first option to purchase the Property in the Lease such provisions shall not be affected or diminished by this subordination which is conditioned upon the agreement of Borrower and Lender in section 3 hereof.

2. Definitions of "Transfer of the Property" and "Purchaser". As used herein, the term "Transfer of the Property" means any transfer of Borrower's interest in the Property by foreclosure, trustee's sale or other action or proceeding for the enforcement of the Deed of Trust or by deed in lieu thereof. The term "Purchaser", as used herein, means any transferee, including Lender, of the interest of Borrower as a result of any such Transfer of the Property and also includes any and all successors and assigns, including Lender, of such transferee.

3. Non-Disturbance. The Transfer of the Property or any enforcement of the Deed of Trust shall not terminate the Lease or disturb Tenant in the possession and use of the leasehold estate created thereby, or deprive Tenant of any other property rights granted in the Lease.

4. Attornment. Subject to Section 3 above, if any Transfer of the Property should occur, Tenant shall and hereby does attorn to Purchaser, including Lender if it should be the Purchaser, as the landlord under the Lease, and Tenant shall be bound to Purchaser under all of the terms, covenants and conditions of the Lease for the balance of the Lease term and any extensions or renewals of it which may then or later be in effect under any validly exercised extension or renewal option contained in the Lease, all with the same force and effect as if Purchaser had been the original landlord under the Lease. This attornment shall be effective and self-operative without the execution of any further instruments upon Purchaser's succeeding to the interest of the landlord under the Lease.

5. Lender Not Obligated. Lender, if it becomes the Purchaser or if it takes possession under the Deed of Trust, and any other Purchaser shall not (a) be liable for any damages or other relief attributable to any act or omission of any prior Landlord under the Lease including Borrower; or (b) be subject to any offset or defense not specifically provided for in the Lease which Tenant may have against any prior landlord under the Lease; or (c) be bound by any prepayment by Tenant of more than one month's installment of rent; or (d) be obligated for any security deposit not actually delivered to Purchaser; or (e) be bound by any modification or amendment of or to the Lease unless the amendment or modification shall have been approved in writing by the Lender.

6. Notices. All notices given under this Agreement shall be in writing and shall be given by personal delivery, overnight receipted courier or by registered or certified United States mail, postage prepaid, sent to the party at its address appearing below. Notices shall be effective upon receipt (or on the date when proper delivery is refused). Addresses for notices may be changed by any party by notice to all other parties in accordance with this Section.

To Lender: \_\_\_\_\_  
\_\_\_\_\_

To Borrower: \_\_\_\_\_  
\_\_\_\_\_

To Tenant: County of Los Angeles  
Chief Executive Office  
Real Estate Division  
222 South Hill Street, 3rd Floor  
Los Angeles, California 90012  
Attention: Director of Real Estate

7. Miscellaneous Provisions. This Agreement shall inure to the benefit of and be binding upon the parties and their respective successors and assigns. This Agreement is governed by the laws of the State of California without regard to the choice of law rules of that State.

8. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute but one and the same instrument.

TENANT: COUNTY OF LOS ANGELES,  
a body politic and corporate

APPROVED AS TO FORM

MARK SALADINO  
County Counsel

By: \_\_\_\_\_  
Deputy:

By: \_\_\_\_\_  
Director of Real Estate

BORROWER:

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

LENDER: [*Insert name of Lender*],  
By: \_\_\_\_\_

EXHIBIT H

**NON-DISTURBANCE  
AND ATTORNMENT AGREEMENT**

**AND WHEN RECORDED MAIL TO:** )  
 )  
County of Los Angeles )  
CHIEF EXECUTIVE OFFICE )  
Real Estate Division )  
222 South Hill Street, 3<sup>RD</sup> Floor )  
Los Angeles, California 90012 )

Space above for Recorder's Use

**NONDISTURBANCE  
AND ATTORNMENT AGREEMENT**

This Nondisturbance and Attornment Agreement ("Agreement") is entered into as of the \_\_\_\_ day of \_\_\_\_\_, 20\_\_ by and among COUNTY OF LOS ANGELES, a body politic and corporate ("Tenant"), and [*Insert name of Lender*], ("Lender").

Factual Background

A. [*Insert name of Landlord*], ("Borrower") owns certain real property more particularly described in the attached Exhibit A. The term "Property" herein means that real property together with all improvements (the "Improvements") located on it.

B. Lender has made a loan to Borrower. The Loan is secured by a deed of trust or mortgage encumbering the Property (the "Deed of Trust").

C. Tenant and Borrower (as "Landlord") intend to or have entered into a lease (the "Lease") under which Borrower leases to Tenant a portion of the Improvements located within the Property and more particularly described in the Lease (the "Premises").

D. Tenant's rights under the Lease are subordinate to the lien of the Deed of Trust. Tenant is willing to make the substantial investment in the Premises required under the Lease, provided that Lender agrees to a nondisturbance provision, all as set forth more fully below.

Agreement

Therefore, the parties agree as follows:

1. Definitions of "Transfer of the Property" and "Purchaser". As used herein, the term "Transfer of the Property" means any transfer of Borrower's interest in the Property by foreclosure, trustee's sale or other action or proceeding for the enforcement of the Deed of Trust or by deed in lieu thereof. The term "Purchaser," as used herein, means any transferee, including Lender, of the interest of Borrower as a result of any such Transfer of the Property and also includes any and all successors and assigns, including Lender, of such transferee.

2. Nondisturbance. The Transfer of the Property or enforcement of the Deed of Trust shall not terminate the Lease or disturb Tenant in the possession and use of the leasehold estate created thereby, or deprive Tenant of any other property rights granted pursuant to the Lease.

3. Attornment. Provided that Lender complies with Section 2 above, if any Transfer of the Property should occur, Tenant shall and hereby does attorn to Purchaser, including Lender if it should be the Purchaser, as the landlord under the Lease, and Tenant shall be bound to Purchaser under all of the terms, covenants and conditions of the Lease for the balance of the Lease term and any extensions or renewals of it which may then or later be in effect under any validly exercised extension or renewal option contained in the Lease, all with the same force and effect as if Purchaser had been the original landlord under the Lease. This attornment shall be effective and self-operative without the execution of any further instruments upon Purchaser's succeeding to the interest of the landlord under the Lease.

4. Lender Not Obligated. Provided that Lender complies with Section 2 above, Lender, if it becomes the Purchaser or if it takes possession under the Deed of Trust, and any other Purchaser shall not (a) be liable for any damages or other relief attributable to any act or omission of any prior Landlord under the Lease including Borrower; or (b) be subject to any offset or defense not specifically provided for in the Lease which Tenant may have against any prior landlord under the Lease; or (c) be bound by any prepayment by Tenant of more than one month's installment of rent; or (d) be obligated for any security deposit not actually delivered to Purchaser; or (e) be bound by any modification or amendment of or to the Lease unless the amendment or modification shall have been approved in writing by the Lender.

5. Notices. All notices given under this Agreement shall be in writing and shall be given by personal delivery, overnight receipted courier or by registered or certified United States mail, postage prepaid, sent to the party at its address appearing below. Notices shall be effective upon receipt (or on the date when proper delivery is refused). Addresses for notices may be changed by any party by notice to all other parties in accordance with this Section.

To Lender: \_\_\_\_\_  
\_\_\_\_\_

To Borrower: \_\_\_\_\_  
\_\_\_\_\_

To Tenant: County of Los Angeles  
Chief Executive Office  
Real Estate Division  
222 South Hill Street, 3rd Floor  
Los Angeles, California 90012  
Attention: Director of Real Estate

6. Miscellaneous Provisions. This Agreement shall inure to the benefit of and be binding upon the parties and their respective successors and assigns. This Agreement is governed by the laws of the State of California without regard to the choice of law rules of that State. This Agreement is the entire agreement between the Lender and Tenant and may only be modified by a written amendment executed by Lender and Tenant.

APPROVED AS TO FORM

TENANT: COUNTY OF LOS ANGELES,  
a body politic and corporate

MARK SALADINO  
County Counsel

By: \_\_\_\_\_

By:

Deputy County Counsel

Director of Real Estate

BORROWER: [Insert name of Landlord]

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

LENDER: [Insert name of Lender]

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

EXHIBIT I

**REQUEST FOR NOTICE**

**RECORDING REQUESTED BY**

**AND WHEN RECORDED MAIL TO:**

County of Los Angeles  
CHIEF EXECUTIVE OFFICE  
Real Estate Division  
222 South Hill Street, 3rd Floor  
Los Angeles, California 90012  
Attention: Director of Real Estate

---

**REQUEST FOR NOTICE**

**(UNDER SECTION 2924B CIVIL CODE)**

In accordance with Section 2924b, Civil Code, request is hereby made that a copy of any Notice of Default and a copy of any Notice of Sale under the Deed of Trust described below:

Date of Recording of Deed of Trust

Instrument Number of Deed of Trust

Trustor

Trustee

Beneficiary

be mailed to County of Los Angeles, Chief Executive Office, Real Estate Division, 222 South Hill Street, 3rd Floor, Los Angeles, California 90012, Attention: Director of Real Estate.

"LENDER:

---

a \_\_\_\_\_

By: \_\_\_\_\_  
SIGNEE'S NAME

Its: SIGNEE'S TITLE

(ALL SIGNATURES MUST BE ACKNOWLEDGED)

COUNTY OF \_\_\_\_\_ ss.

On this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, before me, \_\_\_\_\_  
\_\_\_\_\_ a Notary Public in and for the State of California, personally appeared \_\_\_\_\_  
\_\_\_\_\_ personally known to me (or proved on the  
basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the  
within instrument and acknowledged to me that he/she/they executed the same in  
his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the  
instrument the person(s), or the entity upon behalf of which the person(s) acted, executed  
the instrument.

WITNESS my hand and official seal

Signature \_\_\_\_\_

My commission expires \_\_\_\_\_.

EXHIBIT J

**COMMUNITY BUSINESS ENTERPRISE FORM**

**INSTRUCTIONS:** All Landlords shall submit this form on an annual basis on or before December 30th of each year of the term of this agreement as evidence of CBE participation. The information requested below is for statistical purposes only. On final analysis and consideration, leases will be selected without regard to gender, race, creed, or color. Categories listed below are based on those described in 49 CFR Section 23.5.

Firm Name	
Address	
Contact Name	
Telephone No.	
Total # of Employees	
Business Structure*	

\*Corporation, Partnership, etc.

MINORITY/WOMEN PARTICIPATION IN FIRM

	OWNERS	ASSOCIATE PARTNERS			
Black/African American					
Hispanic/Latin					
Asian American					
Portuguese American					
A. Indian/Alaskan					
All Others					
<b>TOTAL</b>					
Women*					

*\*Should be included in counts above and reported separately)*

PERCENTAGE OF MINORITY/WOMEN OWNERSHIP IN FIRM

	TOTAL # OF OWNERS	% OF OWNERSHIP
Black/African American		
Hispanic/Latin American		
Asian American		
Portuguese American		
American Indian/Alaskan Native		
All Others		
<b>TOTAL</b>		
Women*		

*\*Should be included in counts above and reported separately*

CURRENT CERTIFICATION AS MINORITY/WOMEN-OWNED FIRM

Is your firm currently certified as a minority owned business firm by the:

	yes	No
State of California?		
City of Los Angeles?		
Federal Government?		

WE DO NOT WISH TO PROVIDE THE INFORMATION REQUIRED IN THIS FORM.

	Initial
Initial here if applicable	

SIGNED:

TITLE:

DATE:

**LANDLORD'S WORK LETTER**

**For**

**COUNTY OF LOS ANGELES  
CHIEF EXECUTIVE OFFICE  
LEASE AND AGREEMENT**

**DEPARTMENT: BEACHES AND HARBOR, FIRE AND SHERIFF, as Tenant**

**LANDLORD: HARBOR REAL ESTATE LIMITED PARTNERSHIP, a Delaware limited  
partnership**

**13555 Fiji Way  
Marina Del Rey, California**

## LANDLORD'S WORK LETTER

This Work Letter supplements the Lease (the "Lease") dated \_\_\_\_\_, 20\_\_\_\_, executed concurrently herewith, by and between HARBOR REAL ESTATE LIMITED PARTNERSHIP, a Delaware limited partnership ("Landlord") as Landlord, and COUNTY OF LOS ANGELES ("Tenant" or "County") as Tenant, covering certain Premises described in the Lease. Terms capitalized but not otherwise defined herein shall have the meanings ascribed to them in the Lease.

The parties hereby agree as follows:

1. Basic Work Letter Information. The following terms as used herein shall have the meanings provided in this Section unless otherwise specifically modified by provisions of this Work Letter.

- |  |   |
|--|---|
| (a) <u>Base Tenant Improvement Allowance:</u>              | Not applicable  |
| (b) <u>Tenant Improvement Allowance:</u>                   | \$1,200,000 (i.e., \$107.33 per rentable square foot of the Premises)   |
| (c) <u>Maximum Change Order Allowance:</u>                 | The cost of Change Orders approved in writing by Tenant.  |
| (d) <u>Tenant Improvement Allowance Amortization Rate:</u> | 8 % per annum   |
| (e) <u>Basic Rent Reduction per \$1,000:</u>               | Not applicable  |
| (f) <u>Tenant's Work Letter Representative:</u>            | Miguel Covarrubias or an assigned staff person of the Chief Executive Office-Real Estate Division   |
| (g) <u>Landlord's Work Letter Representative:</u>          | Greg Schem or another assigned representative of the Landlord   |
| (h) <u>Landlord's Address for Work Letter Notice:</u>      | Harbor Real Estate Limited Partnership<br>13555 Fiji Way<br>Marina Del Rey, California 90292<br>Attention: Greg Schem<br>Fax Number: (310) 821-0569 |
| (i) <u>Tenant's Address for Work Letter Notice:</u>        | Board of Supervisors<br>Kenneth Hahn Hall of Administration<br>Room 383   |

500 West Temple Street  
Los Angeles, California 90012  
Fax Number: \_\_\_\_\_

With a copy to:  
Chief Executive Office-  
Real Estate Division  
222 South Hill Street, 3<sup>rd</sup> Floor  
Los Angeles, California 90012  
Attention: Director of Real Estate  
Fax Number: (213) 217-4971

(j) Addenda:

Addendum A: Base Building Improvements  
Addendum B: Tenant Improvements

## 2. Construction of the Building.

2.1 Base Building Improvements. Landlord has constructed or shall construct certain specific improvements to the Building as and only to the extent described on Addendum A hereto (the "Base Building Improvements"). To the extent that the Base Building Improvements must be changed or added to in order to accommodate the special needs of Tenant in the Premises, such changes or additions shall be considered Tenant Improvements (as defined below).

### 2.2 Additional Costs Not Tenant Improvement Costs.

(a) In the event that the Building as initially constructed does not comply with the requirements set forth in Addendum A hereto, and Landlord incurs increased design or construction costs that it would not have incurred had the Building been in compliance therewith, such costs shall not be included in the calculation of Tenant Improvement Costs as defined below and Tenant shall have no financial responsibility for such costs.

(b) Any work that Landlord must undertake to cause the Premises to comply with the requirements set forth in Addendum A hereto shall be at Landlord's sole cost and expense. Tenant Improvement Costs shall not include any costs associated with (i) asbestos abatement or compliance with the Hazardous Materials provision of the Lease, including all expenses associated with curing any "Sick Building Syndromes"; or (ii) supervision or overhead costs of Landlord that are in excess of three percent (3%) of the other Tenant Improvement Costs (it being understood that three percent (3%) of such other Tenant Improvement Costs for Landlord's supervision and overhead may be included in Tenant Improvement Costs).

3. Selection of Architect and Engineer. Unless waived by Tenant, Landlord shall promptly solicit at least three proposals from qualified licensed architects ("Architect") and engineers ("Engineer") familiar with all applicable laws and building requirements detailing a scope of work sufficient to complete the Working Drawings as defined below. The Architect and the Engineer shall be selected by Landlord subject to Tenant's consent, which consent shall not be unreasonably withheld, and which consent (or refusal to consent for reasonable reasons) shall be granted within three business days after Landlord has submitted the name of the Architect and the Engineer to Tenant together with detailed proposals outlining the cost for design/engineering services. This procedure shall be repeated until the Architect and the

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Engineer is/are finally approved by Tenant and written consent has been delivered to and received by Landlord.

4. **Selection of Contractor.** The Final Plans, as defined below, and a proposed construction contract approved by Tenant, shall be submitted to contractors, selected by Landlord and approved by Tenant, sufficient in number so that a minimum of three bids are received (such approvals by Tenant shall not be unreasonably withheld). Each approved contractor shall be requested to submit a sealed fixed price contract bid price (on such contract form as Landlord shall designate) to construct the Tenant Improvements designated on the Final Plans. Landlord and Tenant shall jointly open and review the bids. Landlord and Tenant, after adjustments for inconsistent assumptions, shall select the most qualified bidder offering the lowest price and such contractor ("Contractor") shall enter into a construction contract ("Construction Contract") with Landlord consistent with the terms of the bid to construct the Tenant Improvements.

5. **Preparation of Plans and Specifications and Construction Schedule.**

5.1 **Preparation of Space Plan.** Attached hereto as Addendum C is a space plan and specifications for the Premises showing all demising walls, corridors, entrances, exits, doors, interior partitions, and the locations of all offices, conference rooms, computer rooms, mini-service kitchens, and the reception area, library, and file room (collectively the "Space Plan") that Tenant desires to include within the Premises.

5.2 **Preparation and Approval of Working Drawings.** Within ten days of the date the Lease is fully executed, delivered and effective (the "Plan Submission Date"), Landlord shall instruct the Architect to commence preparation of Working Drawings (the "Working Drawings"), which shall be compatible with the design, construction and equipment of the Building, comply with all applicable laws, be capable of physical measurement and construction, contain all such information as may be required for the construction of the Tenant Improvements and the preparation of the Engineering Drawings (as defined below), and contain all partition locations, plumbing locations, air conditioning system and duct work, special air conditioning requirements, reflected ceiling plans, office equipment locations, and special security systems. The Working Drawings may be submitted in one or more stages and at one or more times. Landlord shall provide Tenant the Working Drawings, or such portion as has from time to time been submitted, for review. The Architect shall be solely responsible for insuring that the Working Drawings fully comply with all applicable building codes and are free from errors or omissions on the part of the Architect.

5.3 **Preparation and Approval of Engineering Drawings.** Landlord shall request the Architect to coordinate all engineering drawings prepared by the Engineer, showing complete mechanical, electrical, plumbing, and HVAC plans ("Engineering Drawings") to be integrated into the Working Drawings. The Engineering Drawings may be submitted in one or more stages and at one or more times for Tenant's review.

5.4 **Integration of Working Drawings and Engineering Drawings into Final Plans.** After Tenant has approved the Engineering Drawings, Landlord shall request the Architect to integrate the approved Working Drawings with the approved Engineering Drawings (collectively "Final Plans") and deliver five sets of the Final Plans to Tenant. The Final Plans shall be suitable for plan check review and permitting by local agencies having jurisdiction, for the layout, improvement and finish of the Premises consistent with the design and construction of the Base Building Improvements, including electrical and mechanical drawings, capacity reports, dimensioned partition plans, floor and wall finish plans, reflected ceiling plans, power, telephone communications and data plans, life safety devices, construction detail sheets including millwork detail plans showing the location of partitions, light fixtures, electrical outlets, telephone outlets, sprinklers, doors, equipment specifications (including weight specifications and cooling

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requirements) and power requirements (including voltage, amps, phase, and special plugs and connections), wall finishes, floor coverings, millwork and other Tenant Improvements.

5.5 Approval of Working Drawings and Engineering Drawings by Tenant. Within ten days following Tenant's receipt of the Working Drawings and Engineering Drawings (or any of them), Tenant shall deliver written notice (the "Tenant's Drawing Notice") to Landlord either approving thereof or setting forth with particularity what changes will be needed in order to cause the applicable Working Drawings and Engineering Drawings to be approved by Tenant (Tenant's failure to deliver Tenant's Drawing Notice to Landlord shall be deemed to be Tenant's approval of the applicable drawings received by Tenant). Approval by Tenant of the Working Drawings and Engineering Drawings shall not be deemed to be a representation by Tenant that the design of the Tenant Improvements is in compliance with applicable laws.

5.6 Schedule. Within 30 days after the later of the Plan Submission Date or the approval by Landlord and Tenant of the Architect and Engineer to be used, Landlord shall request the Architect to submit to Landlord and Tenant a construction schedule, subject to approval by Landlord and Tenant (which approval shall not be unreasonably withheld), estimating the dates for completion of certain project benchmarks including, but not limited to, completion of Working Drawings, completion of Engineering Drawings, submission of plans to local jurisdiction for review, issuance of building permit, submission of plans to contractors for bidding, award of construction contract, construction commencement, construction completion, Projected Commencement Date and other similar dates. As the construction continues, Landlord shall or shall request the Architect to amend the schedule from time to time to reflect any changes to the projected dates. As the construction schedule is an estimate with various factors that are unknown and not capable of being easily calculated, it shall not be binding upon either party, but shall instead be used as a tool by each of the parties for their own respective planning.

## 6. Final Construction Budget and Payment of Tenant Construction Costs.

6.1 Construction Budget. Attached hereto as Addendum D is a preliminary budget of the cost to construct the Tenant Improvements based upon the Space Plan (the "Preliminary Budget"). Such Preliminary Budget shall be revised into final form within ten days from the date the Contractor is selected and will be referred to herein as the "Final Construction Budget". Tenant shall not disapprove of the Final Construction Budget unless it is more than ten percent (10%) higher than both the Preliminary Budget and the Tenant Improvement Allowance. If Tenant has the right to disapprove of the Final Construction Budget, then Tenant shall have five days from the date of receipt of the Final Construction Budget to deliver written notice to Landlord whether Tenant approves or disapproves the Final Construction Budget (Tenant's failure to deliver written notice of its disapproval within such time period shall be deemed to be Tenant's approval thereof). If Tenant disapproves of the Final Construction Budget as allowed hereunder, it shall as part of the disapproval notice set forth the changes needed in order to cause the Final Construction Budget to be approved by Tenant, and the parties hereto shall meet as soon as reasonably possible and use best efforts to either redesign the Final Drawings and Engineering Drawings to cause the Tenant Improvement Costs described in the revised Final Construction Budget to be acceptable to Tenant or Tenant shall increase the Tenant Improvement Allowance so it can approve the higher Final Construction Budget. Construction of the Tenant Improvements shall not begin until such time as Tenant approves or is deemed to have approved of the Final Construction Budget. In the event Tenant disapproves the Final Construction Budget as allowed hereunder, then any delay caused by the necessity to rebid or redesign the Tenant Improvements shall be considered a Tenant Delay and the cost thereof included in the Tenant Improvement Costs. Landlord shall review the Space Plan, Working Drawings, Engineering Drawings and Final Plans at its sole cost and expense (subject to Landlord's receipt of its three percent supervision and overhead fee). Except for the three percent administrative fee to Landlord as described above, there shall be no other fee to Landlord for profit, overhead or

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general conditions in connection with the construction of the Tenant Improvements included in the Final Construction Budget.

6.2 Tenant Improvement Allowance. All improvements required by the Final Plans and modular furniture described in the Modular Specifications, as further described in Addendum B hereto (collectively, the "Tenant Improvements") shall be at Landlord's sole cost and expense, subject to reimbursement by Tenant as provided herein. The term "Tenant Improvement Costs" as used herein shall include all costs to provide the Tenant Improvements, without limitation, the fees and costs of the Architect and Engineer to prepare, revise and complete the Working Drawings, the Engineering Drawings, and the Final Plans, the fees and costs to obtain all applicable permits and approvals from governmental authorities for the Tenant Improvements, the costs to construct and install the Tenant Improvements (including furniture and telecommunications equipment), soft costs and any and all other costs for alterations, additions and improvements requested by Tenant that are not part of the Base Building Improvements, whether in the Final Plans and/or Change Orders. It is anticipated that the Tenant Improvement Costs may exceed the Tenant Improvement Allowance, and Tenant's Chief Executive Officer may authorize payment to Landlord of the overage. The Tenant Improvement Costs shall be paid to Landlord as provided herein.

6.3 Method of Payment. The Tenant Improvement Costs shall, at Tenant's election, either be paid to Landlord (i) in a lump sum when the Tenant Improvements are Substantially Complete, or (ii) in equal amortized monthly payments over the first 5 years of the term of the Lease at the Tenant Improvement Amortization Rate. Tenant may at any time during the Term prepay Landlord in a lump sum for all (but not for only a portion) of the Tenant Improvement Costs.

## 7. Construction of Tenant Improvements.

7.1 Tenant Improvements. The Tenant Improvements to be constructed by Landlord are initially as described more particularly on Addendum B hereto, but same shall be subject to change and supplement during the process for preparation and approval of the Working Drawings, Engineering Drawings, Final Plans and/or Change Orders.

7.2 Bids. Unless waived by Tenant in writing, the Contractor shall be chosen as provided in Section 4 hereof, after at least three bids have been solicited from responsible and qualified persons. At least three bids for the purchase and installation of the office furniture system, prepared by the furniture dealer, shall be included in the construction estimates, if applicable.

(a) Permits. Landlord shall use commercially reasonable efforts to secure the approval of governmental authorities, and all permits required by governmental authorities having jurisdiction over such approvals and permits for the Tenant Improvements, promptly after approval of the Final Plans.

(b) Commencement of Construction. Landlord shall commence construction of the Tenant Improvements within 15 days after issuance of all such necessary governmental permits and approvals. Landlord shall commence and, once commenced, shall thereafter diligently proceed to construct and complete all Tenant Improvements, subject to any cessation that may be caused by Tenant Delays and Force Majeure Delays.

7.3 Construction. Construction of the Tenant Improvements will be subject to the following terms and conditions:

(a) Notice of Nonresponsibility. Landlord and the Contractor shall cooperate with Tenant in posting a notice or notices of nonresponsibility by Tenant.

(b) Decorating Decisions. All design and programming, space planning and interior decorating services, such as selection of wall paint colors and/or wall coverings, furniture, fixtures, carpeting and any or all other decorator selection efforts shall be included in the Final Plans or handled pursuant to Change Order. Landlord shall consult with Tenant with respect to all such decorating services and decisions if requested by Tenant.

(c) Clean-Up and Substandard Work. As part of the Tenant Improvement Costs, Landlord will be responsible for all clean-up with respect to the Tenant Improvements (according to usual standards of work in the Building), whether in the Premises themselves or in other areas utilized by Landlord or its contractors, and agrees to reimburse Tenant for any and all expenses reasonably incurred by Tenant to perform any such clean-up if Landlord fails to do so and such failure continues for more than 30 days following written notice thereof from Tenant to Landlord, unless Landlord is then diligently proceeding with such clean-up.

(d) Compliance with Laws. Construction of the Tenant Improvements shall comply with all applicable laws and regulations and shall be subject to the general inspection of Tenant. The Premises, upon completion of the Tenant Improvements, shall comply with all applicable city, county, state and federal building codes, regulations and ordinances required for beneficial occupancy, including, but not limited to, all provisions of the Labor Code of the State of California. Under the provisions of the Labor Code, the State Department of Industrial Relations will ascertain the prevailing hourly rate in dollars and details pertinent thereto for each craft, classification or type of workman or mechanic needed for the construction of the improvements. Particulars of the current Prevailing Wage Scale as approved by the Board of Supervisors which are applicable to the work are filed with the Clerk of the Board of Supervisors and must be posted at the site. To the extent the Tenant Improvements are required to be constructed based upon such Prevailing Wage Scale, then the parties hereto agree that the Tenant Improvement Costs shall be based upon such Prevailing Wage Scale.

7.4 Conformed Plans. Within 60 days after Substantial Completion of the Tenant Improvements and receipt from the Contractor of all field changes, Landlord shall submit to Tenant a set of conformed plans ("as-builts") incorporating, in accordance with standard industry custom and practice, field changes made and changes and/or revisions that have been made subsequent to the submission of the Final Plans. Such "as-built" or "record documents" shall be submitted on three and one-half inch (3½") 1.4Mb magnetic media diskettes in Auto CAD R 12.dwg (or later version) format or .DXF format, along with one complete set of mylar transparencies of drawings and one complete set of specifications.

8. Change Orders. Tenant and Landlord may make changes, additions, deletions or alterations in the Final Plans ("Change Order") provided both Tenant and Landlord approve such changes in writing. Only the Chief Executive Officer is authorized to approve Change Orders on behalf of Tenant. Tenant may elect to pay for Change Orders by: (a) payment in a lump sum upon Substantial Completion of the Tenant Improvements, or (b) amortization of such costs over the first 5 years of the Term of the Lease at the Tenant Improvement Amortization Rate payable in equal monthly installments over the initial Term of the Lease. Landlord shall submit to the Chief Executive Officer with each requested Change Order (i) the specific cost of the requested change, (ii) the cumulative net total cost of all Change Orders previously approved, and (iii) an estimate of the construction time which will be increased or shortened if the Change Order is approved. Each Change Order must be signed and dated by the Chief Executive Officer.

9. **Furniture System.**

9.1 Tenant shall deliver to Landlord within ten days after execution hereof, modular furniture plans and specifications (the "Modular Specifications"). Based on the Modular Specifications, Landlord and /or Landlord's Architect, shall prepare a modular furniture specifications bid package for submission to no less than three furniture vendors chosen by Tenant. Prior to submission for bids, Landlord shall review the bid package with Tenant and Tenant shall have the right to approve or disapprove the bid package. Landlord shall provide as part of the Tenant Improvement Costs the modular furniture set forth in the Modular Specifications. Tenant shall reimburse the Landlord in a lump sum or in accordance with a financed transaction entered into between Landlord and the furniture vendor acceptable to the Tenant, including, but not limited to, a lease purchase agreement, provided the outstanding balance can be no more than One Dollar (\$1) at the end of a term not to exceed the term of the Lease.

9.2 Tenant may opt to finance the lump-sum payment for the cost of modular furniture through lease-purchase financing with a third-party vendor ("Creditor"). In the event the Tenant elects to enter into a lease-purchase financing of the furniture and telecommunications equipment (the "Personal Property") through a Creditor, Landlord expressly agrees as follows:

(a) The Personal Property shall not become part of the realty or real property, but shall remain personal property removable by the Creditor and its assigns, provided that any damage occasioned by such removal shall be repaired by Creditor. If such Personal Property is not removed upon expiration or earlier termination of the Lease, then in addition to any and all other rights of Landlord, Landlord shall have the right to remove such Personal Property and store same at Tenant's sole cost and expense.

(b) Landlord shall be notified by Creditor of any plan by Creditor to remove the Personal Property.

(c) This section shall be binding on the representatives, successors and assigns of all parties hereto and shall inure to the benefit of the successors-in-interest to all parties hereto.

(d) Landlord does hereby waive any right to gain possession of any of Personal Property during the term of this Lease, subject to Landlord's rights described in subsection (a) above.

10. **Tenant Improvement Costs Adjustment and Right to Audit.** Within 30 days of the issuance of a Certificate of Occupancy, or a final sign-off by the City of Los Angeles, whichever occurs first, Landlord shall provide to Tenant a statement showing in reasonable detail all Tenant Improvement Costs and the total amount payable hereunder by Tenant to Landlord. Within 30 days after receipt of such statement by Tenant, payments by either party pursuant to the Lease and this Landlord's Work Letter shall be adjusted as appropriate, based upon such statement. Tenant shall have the right to audit these costs for a period of 24 months from the date of acceptance by Tenant of the Premises. Tenant shall provide Landlord with a copy of the audit summary, and in the event the audit shows a discrepancy in the Tenant Improvement Costs from

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those shown in Landlord's statement and Landlord does not object thereto, then within 30 days thereafter, one party shall refund to the other the amount of any overpayment or underpayment to reconcile the differences and all future payments shall be adjusted as appropriate based upon the audit results. If Landlord objects to Tenant's audit results, the parties shall review those results with their respective accountants and use reasonable efforts to resolve their differences.

11. **Exclusions.** The Tenant Improvement Costs shall not include any costs incurred for asbestos abatement or other items that are part of the Base Building Improvements, in that all such work shall be performed at the sole cost and expense of Landlord.

12. **Telephone/Computer Room and Equipment.** Landlord shall complete the telephone equipment room(s) including permanent power and HVAC, in compliance with the Final Plans and applicable Change Orders, if any, at least 30 days prior to the Projected Commencement Date. During this 30 day period, if Tenant elects to deliver and/or install telephone/data equipment delivered to the site for programming prior to the Commencement Date, same shall be at Tenant's sole risk (Tenant shall be responsible for theft or damage to same and shall cover same through the insurance of Tenant under the Lease).

13. **Delay.**

13.1. **Tenant Delays and Force Majeure Delays.** Except as set forth herein or in the Lease: (i) no delay in the completion of construction of the Tenant Improvements shall be considered in the determination of the Commencement Date of the Lease, other than Tenant Delays and Force Majeure Delays, and (ii) under no circumstance shall Tenant be charged with any delay whatsoever as a result of delay in the construction of Tenant Improvements that are not Tenant Delays or Force Majeure Delays. Subject to the provisions of Section 13.2, the Projected Commencement Date set forth in the Lease shall be extended one (1) day for each day that: (a) Tenant fails or refuses to give authorizations or approvals within the time periods required herein but only to the extent such delays delay the commencement or completion of construction of the Tenant Improvements (referred to herein as "Tenant Delays"); or (b) Substantial Completion of the Tenant Improvements is delayed by lightning, earthquake, fire, storm, tornado, flood, washout, explosion, strike, lockout, labor disturbance, civil disturbance, riot, war, act of a public enemy, sabotage, governmental delays in inspections, approvals or processing of applications relating to the Tenant Improvements, and/or other causes beyond the reasonable control of Landlord (referred to herein as "Force Majeure Delays").

13.2. **Limitations.**

(a) **Notice.** No Tenant Delay or Force Majeure Delay shall be deemed to have occurred unless Landlord has provided written notice, within five business days after the event giving rise to such claim, in compliance with the Lease, to Tenant specifying that a delay is claimed to have occurred because of actions, inaction or circumstances specified in the notice in reasonable detail. If such actions, inaction or circumstances qualify as a Tenant Delay or Force Majeure Delay, then a Tenant Delay or Force Majeure Delay, as applicable, shall be deemed to have occurred only commencing as of the date that is five business days prior to the date that Tenant received such notice from Landlord.

(b) **Mitigation.** Tenant Delays and Force Majeure Delays shall delay the Projected Commencement Date only in the event that Substantial Completion of the Tenant Improvements is delayed, despite Landlord's reasonable efforts to adapt and compensate for such delays, which efforts Landlord shall be obligated to make (provided that any additional cost

incurred by Landlord due to such effort shall be included in the Tenant Improvement Costs or Tenant agrees in writing to pay to such excess).

(c) Concurrent Delays. Tenant Delays and Force Majeure Delays shall be recognized hereunder only to the extent the same are not concurrent with any other Tenant Delay or Force Majeure Delay which is effective hereunder. For example, if there are ten days of Tenant Delays and four days of Force Majeure Delays which occur during the same ten day period of such Tenant Delays, then the Projected Commencement Date would be extended by only ten days; on the other hand, if such Tenant Delays and Force Majeure Delays did not occur during the same period, the Projected Commencement Date would be extended by 14 days.

(d) Change Orders. Landlord may not claim that a Change Order requested by Tenant was the cause of a delay in the construction of the Tenant Improvements unless the anticipated delay is specified in writing in the Change Order authorization.

14. **Default**. Any default by either Landlord or Tenant under the terms of this Landlord's Work Letter shall constitute a default by such party under the Lease and shall entitle the other party to exercise all remedies set forth in the Lease.

15. **Tenant Remedies**. If Landlord fails to obtain the building permit to construct the Tenant Improvements within a reasonable time, taking all factors into consideration (including, without limitation, Tenant Delays and Force Majeure Delays), or if the Tenant Improvements have not been Substantially Completed within 60 days after the Projected Commencement Date (subject to extension for Tenant Delays and Force Majeure Delays), Tenant may, at its option:

14.1. Intentionally Deleted.

14.2. Upon 30 days written notice to Landlord (unless within such 30 day period Landlord begins and thereafter continues to diligently pursue obtaining such permit or Substantially Completing the Tenant Improvements, as applicable), assume the responsibility for providing the Tenant Improvements itself. If Tenant elects to provide Tenant Improvements itself, then:

(a). Tenant, its officers, employees, agents, contractors and assignees, shall have free access to the Premises and the Building at all reasonable times for the purpose of constructing the Tenant Improvements and for any other purposes reasonably related thereto (subject to the rights of other tenants, occupants and invitees); and

(b). The amount of the Tenant Improvement Costs to be paid by Tenant to Landlord shall be reduced by Tenant's total expense in constructing the Tenant Improvements, including any financing charges for capital and a reasonable amount for its administrative costs, and including interest at the rate of six percent (6%) (collectively, "Tenant's Total Expense"). The reduction schedule for the Tenant Improvement Costs shall be as mutually agreed to between the parties or, if no such agreement is made, Tenant's Total Expense shall be fully amortized in equal monthly amounts over five years and deducted from what Tenant would have otherwise been required to pay as amortization payments for the Tenant Improvement Costs under the Lease (and if that is not sufficient, then also against the rent payable under the Lease for the applicable period).

15. **Representatives.**

15.1 **Tenant Representative.** Tenant has designated Tenant's Work Letter Representative as its sole representative with respect to the matters set forth in this Landlord's Work Letter who, until further notice to Landlord, shall have the full authority and responsibility to act on behalf of Tenant as required in this Work Letter and whose address, for purposes of any notices to be given regarding matters pertaining to this Landlord's Work Letter only, is Tenant's Address for Work Letter Notice as set forth in Section 1.

15.2 **Landlord Representative.** Landlord has designated Landlord's Work Letter Representative as its sole representative with respect to the matters set forth in this Work Letter who, until further notice to Tenant, shall have the full authority and responsibility to act on behalf of Landlord as required in this Landlord's Work Letter and whose address, for purposes of any notices to be given regarding matters pertaining to this Landlord's Work Letter only, is Landlord's Address for Work Letter Notice as set forth in Section 1.

16. **Elevator Usage During Move-In.** Not Applicable

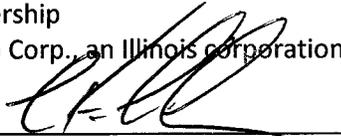
17. **Construction Meetings.** During the course of construction, meetings shall be held between the Contractor, Landlord and Tenant at least once per week, unless Tenant directs otherwise, at a time and place which is mutually convenient. An initial construction meeting shall be held within five days of the date the Contractor is selected.

18. **Delivery.** Delivery of all plans and drawings referred to in this Work Letter shall be by commercial messenger service or personal hand delivery, unless otherwise agreed by Landlord and Tenant.

LANDLORD:

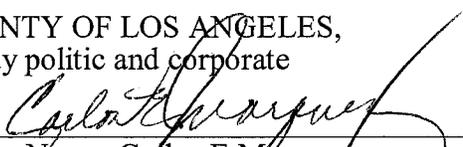
HARBOR REAL ESTATE LIMITED PARTNERSHIP, a Delaware limited partnership

By: Vappareto Corp., an Illinois corporation, Its General Partner

By:   
Gregory F. Schem, President

TENANT:

COUNTY OF LOS ANGELES,  
a body politic and corporate

By:   
Name: Carlos E Marquez  
Title: Deputy Director of Real Estate  
Date Signed: November 26, 2014

## **ADDENDUM A To Landlord's Work Letter**

### **BASE BUILDING IMPROVEMENTS**

The Base Building Improvements shall be as follows:

- (a) The Building shell and exterior, including perimeter window frames, mullions and glazing in good condition;
- (b) Men's and women's toilet rooms in their existing location and condition, including necessary plumbing fixtures, ceramic tile floors, accessories, ceilings and lighting, with running hot and cold water;
- (c) Electrical/telephone closet with not less than 400 amps;
- (d) Two 208/120 and one 480/277 volt panels connected to the Building power system;
- (e) Existing HVAC systems servicing the Premises to be in good working condition (Landlord shall not be required to eliminate freon or CFC refrigerants or otherwise convert the existing HVAC to any other system of operation);
- (f) Existing primary fire sprinkler distribution in operable condition (connection to secondary piping, distribution and sprinkler heads shall be part of the Tenant Improvements);
- (g) Existing primary fire-life safety enunciation system "backbone" and panels in operable condition (connection and distribution shall be part of the Tenant Improvements, if applicable);
- (h) Access at panels in the service core for use as part of the Tenant Improvements to distribute electrical power per the Final Plans.

## ADDENDUM B To Landlord's Work Letter

### TENANT IMPROVEMENTS

Tenant improvements shall include:

- (a) Tenant ceilings and lighting;
- (b) Floor finish in the Premises;
- (c) Interior finishes of any kind within the Premises;
- (d) Interior partitions, doors and hardware within the Premises;
- (e) HVAC or air distribution ducting and devices (including, without limitation, air compressors, air handlers, and other equipment needed in addition to or in lieu of what is existing) to or within the Premises;
- (f) As applicable, Tenant's furniture, fixtures and equipment, including telephones, computers and cabling therefor;
- (g) Distribution of electrical services, plumbing and sewer services and sprinklers to the Premises, and domestic hot water heater and associated hot water piping;
- (h) Any and all signs for Tenant and the power therefor;
- (i) Security, fire and life-safety systems throughout the Premises, including exit signs, intercoms and extinguishers;
- (j) Additional and/or above standard electrical capacity;
- (k) Fiber optic access, if available;
- (l) Construction of a mezzanine as per Tenant's plans and specifications; and
- (m) Additional restrooms and alterations to existing restrooms (which are part of the Base Building Improvements provided by Landlord), including hot and cold water fixtures, sinks, toilets, showers and other fixtures and equipment, mirrors, locker room, ceilings, floors and other alterations to cause same to be ADA compliant; and
- (n) Locker room.