



**Sean Rogan**  
Executive Director

**COMMUNITY DEVELOPMENT COMMISSION**  
**of the County of Los Angeles**

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**Gloria Molina**  
**Mark Ridley-Thomas**  
**Zev Yaroslavsky**  
**Don Knabe**  
**Michael D. Antonovich**  
Commissioners

April 26, 2011

The Honorable Board of Commissioners  
Community Development Commission of the  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

**ADOPTED**  
Community Development Commission

#1-D APRIL 26, 2011

*Sachi A. Hamai*  
SACHI A. HAMAI  
EXECUTIVE OFFICER

Dear Commissioners:

**APPROVE LEASE AGREEMENT FOR THE COMMUNITY DEVELOPMENT COMMISSION AND  
HOUSING AUTHORITY'S ADMINISTRATIVE OFFICE IN THE CITY OF ALHAMBRA  
(ALL DISTRICTS) (3 VOTES)**

**SUBJECT**

This letter recommends approval of a Facilities Lease Agreement with Community Development Properties Los Angeles, Inc. (CDPLA), a California nonprofit corporation, for the Community Development Commission (Commission) and Housing Authority's future administrative office, to be located at 700 West Main Street in the City of Alhambra (Facility).

**IT IS RECOMMENDED THAT YOUR BOARD:**

1. Acting as a responsible agency pursuant to the California Environmental Quality Act (CEQA), certify that the Commission has considered the attached Initial Study/Negative Declaration (IS/ND) for the development of the Commission's and Housing Authority's future administrative office, which was prepared by the City of Alhambra as lead agency; and find that this project will not cause a significant impact on the environment.
2. Adopt and instruct the Mayor to sign the attached resolution approving and authorizing the Executive Director to negotiate and execute a Lease Agreement with CDPLA, for a long-term capital Lease with a term not to exceed 32 years whereupon CDPLA will convey the ownership of the Facility to the Commission upon payment in full of the bonds issued by CDPLA to finance construction of the Facility.

**PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The Commission and Housing Authority currently operate out of three administrative offices: 2 Coral Circle in the City of Monterey Park, 4800 Cesar Chavez Avenue in unincorporated East Los Angeles, and 12131 Telegraph Road in the City of Santa Fe Springs. These sites are separated by up to 30 minutes of driving time. The Coral Circle and Telegraph Road sites are leased to the Commission and Housing Authority by private parties. Both leases terminate in May 2012.

The new Facility in Alhambra is being designed to house all administrative staff and public services for the Commission and Housing Authority beginning in September 2012. Six-month lease extensions will be required at both of the current leased sites in order to house staff continuously until the new Facility is ready for move-in. We will return to your Board at a later date for approval of the required lease extensions.

The new, 120,000 sq ft, Facility will be designed to achieve LEED Silver certification, at a minimum, and will accommodate approximately 550 of the Commission's administrative employees and provide all needed services to the public which the Commission serves.

This new location will eliminate inefficiencies of day trips between the current sites, reduce maintenance costs and allow for stability in rental payments. Additionally, at the new Facility, all Commission and Housing Authority services will be readily accessible via public transportation. Public access to services will be enhanced by this more centralized location.

### **FISCAL IMPACT/FINANCING**

There is no impact on the County general fund.

The project will be financed using tax-exempt bonds issued by CDPLA. The bonds will be issued on behalf of the Commission in accordance with the requirements of Revenue Ruling 63-20 and Revenue Procedure 82-26 of the U.S. Treasury. The capital Lease, which will provide security for the bonds, must be approved by your Board in order for the underwriting process to proceed.

The tax-exempt status of this "63-20" financing will allow the Commission to realize significant cost savings from the favorable interest rate on the bond financing. In addition, it is anticipated that the Facility will be exempt from property tax assessment and typical developer fees normally associated with a private developer.

The annual rent is estimated at \$2,600,000, and will be paid using funds to be included in the Commission's and Housing Authority's annual budgets. The Commission is currently working to obtain the lowest financing available through the bond issuance, and may include an initial capital outlay of Commission general funds in order to balance the long term financing costs with an affordable fixed rent. Any capital outlay would be included in the Commission's annual budget for approval by your Board. Rent payments over the term of the Lease will repay the bonds.

The Facility will be owned by CDPLA and leased to the Commission for up to 32 years or until the bonds are repaid, whichever occurs first. Upon payment in full of the bonds, CDPLA will convey ownership of the Facility to the Commission at no additional cost.

On September 7, 2010, your Board approved up to \$1,000,000 for acquisition, predevelopment and soft costs related to the Facility prior to the issuance of the bonds. The bond proceeds will reimburse the Commission's general fund for these preliminary expenses. Additionally, the September 7, 2010

Board action authorized the Commission to direct CDPLA to procure a construction developer with a budget of up to \$500,000 for various upfront costs as part of the reimbursement allowances. These activities have occurred.

**FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

CDPLA is on target to close its purchase of the Facility construction site by the deadline set forth in purchase and sale agreement of May 31, 2011. The Lease Agreement will be executed on or before May 24, 2011.

Construction is anticipated to start in July 2011 and be completed in September 2012. Commission staff anticipates being relocated and fully operational in the new Facility by September 2012.

The U.S. Department of Housing and Urban Development approved this capital Lease structure in the form of a Waiver Request dated February 17, 2011.

The Lease provides for mutual indemnifications by the parties, as well as agreeing to attorneys fees in the event there is litigation. County Counsel has reviewed the attached Lease Agreement.

**ENVIRONMENTAL DOCUMENTATION**

As a responsible agency, and in accordance with the requirements of CEQA, the Commission reviewed the IS/ND prepared by the City of Alhambra for the development of the Commission's future administrative office, and determined that this project will not have a significant impact on the environment. The Commission's consideration of the IS/ND and filing of the Notice of Determination satisfy the State CEQA Guidelines as stated in Article 7, Section 15096.

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

The proposed actions will provide permanent administrative office space for the Commission and Housing Authority and result in substantial rental savings.

Respectfully submitted,



SEAN ROGAN  
Executive Director

SR:dc

Enclosures

RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE COMMUNITY  
DEVELOPMENT COMMISSION OF THE COUNTY OF LOS ANGELES

WHEREAS, pursuant to Revenue Procedure 82-26 of the U.S. Treasury (the "Revenue Procedure"), bonds issued by a nonprofit corporation organized under the laws of the state of California in order to finance facilities in the state of California may qualify as tax-exempt obligations upon compliance with the requirements set forth in the Revenue Procedure; and

WHEREAS, Community Development Properties Los Angeles ("CDPLA") has been formed as a nonprofit public benefit corporation for the purpose of acquiring land in the City of Alhambra, County of Los Angeles, California (the "Land"), constructing an office building containing approximately 120,000 rentable square feet to serve as the headquarters office building (the "Building") of the Community Development Commission of the County of Los Angeles ("CDC"), and renovating an existing parking structure located on the Land containing approximately 582 parking stalls (the "Parking Structure") (The Land, Building and Parking Structure being herein collectively referred to as the "Property") primarily to serve the occupants of the Building (the acquisition of the Land, the design, permitting and construction of the Building and the renovation of the Parking Structure being herein referred to as the "Project"); and

WHEREAS, in order to finance the Project, CDPLA proposes to issue tax exempt bonds, to be designated as the "Community Development Properties Los Angeles County, Inc. Lease Revenue Bonds, 2011 (Los Angeles Community Development Commission Headquarters Office Building), in the aggregate principal amount of not to exceed \$45,000,000 (the "Bonds"); and

WHEREAS, CDPLA proposes to enter into a Facilities Lease Agreement (the "Lease") under which CDPLA will undertake the Project and lease the Premises (as such term is defined in the Lease) upon completion to the CDC; and

WHEREAS, the Revenue Procedure requires that, within one year prior to issuance of the Bonds, the CDC approve the nonprofit corporation (CDPLA) and the bonds to be issued (the Bonds) and agree to accept title to the Project when the Bonds are retired; and

WHEREAS, the CDC does not wish to undertake directly the governmental burden associated with development of the Project, and has determined that the proposal by CDPLA is the most efficient means for managing the financing, construction and operation of the Project.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. The CDC hereby approves the Lease substantially in the form on file with the Executive Office of the Board as of this date, and the Executive Director of the CDC is hereby authorized and directed to execute the Lease on behalf of the CDC, with only such modifications as may be approved by the Executive Director that do not materially change the substantive terms of the Lease. The final monthly rent payment shall be determined and added as an exhibit to the Lease upon the issuance and sale of the Bonds.

2. The CDC hereby requests that CDPLA acquire the Land and undertake the Project, and thereby relieve the CDC of the governmental burden thereof. The CDC hereby approves the CDPLA solely for the purposes of approving the issuance by it of the Bonds to finance the Project under the Revenue Procedure and hereby approves the issuance of the Bonds. The Bonds shall not be an obligation of the CDC, Los Angeles County or any other agency or subdivision of the state of California. The CDC further agrees to accept title to the Property financed by the Bonds, including any additions to that property, when the Bonds are discharged. At such time, title to the Property financed by the Bonds will be transferred to the CDC at no additional cost.
  
3. To the extent necessary to meet the conditions of paragraph (d)(2) of United States Securities and Exchange Commission Rule 15c2-12 (the "Rule"), as applicable to a participating underwriter or remarketing agent for Bonds, the CDC is hereby authorized to enter into an undertaking in a form acceptable at the time to the participating underwriter or remarketing agent, as the case may be.
  
4. All appropriate officers of the CDC are authorized to take any actions and to execute documents as in their judgment may be necessary or desirable in order to carry out the terms of, and complete the transactions contemplated by, this action. All acts taken and all approvals and agreements previously made pursuant to the authority of this action but prior to the effective date hereof are hereby ratified and confirmed.

APPROVED AND ADOPTED by the Board of Commissioners of the Community Development Commission of the County of Los Angeles on this 26<sup>th</sup> day of April, 2011.

ATTEST:

SACHI A. HAMAI  
Executive Officer-Clerk of the  
Board of Commissioners

MAYOR MICHAEL D. ANTONOVICH  
Chairman, Board of Commissioners

By: Benjamin Javala  
Deputy

By: Mike Antonovich

APPROVED AS TO FORM:

ANDREA SHERIDAN ORDIN  
County Counsel



By: Behnaz Jaholunian  
Deputy

**NEGATIVE DECLARATION  
CITY OF ALHAMBRA**

DATE: October 12, 2010

County Clerk  
County of Los Angeles  
Environmental Filings  
12400 East Imperial Highway, Room 1101  
Norwalk, CA 90650

RE: NEGATIVE DECLARATION  
For CP-10-17  
(The Gateway)

Gentlemen:

Application has been filed with the City of Alhambra for approval of the project known as  
CP-10-17 and to be implemented by Trammel Crow Company

The project is briefly described as:

This is an application for a Commercial Planned Development Permit for the development of a three story 130,000 square foot office building on an approximate land area of 2.48 acres located in the Commercial Planned Development zone.

In accordance with the authority and criteria contained in the California Environmental Quality Act, State Guidelines and the City of Alhambra Guidelines for the implementation of the California Environmental Quality Act, the Development Services Department of the City of Alhambra analyzed the project and determined that the project will not have a significant impact on the environment. Based on this finding, the Department prepared and hereby filed this NEGATIVE DECLARATION.

A period of twenty (20) calendar days from the date of this NEGATIVE DECLARATION will be provided to enable public review of the project specifications and this document prior to action on the project by the City of Alhambra. A copy of the project specifications is on file in the offices of the Development Services Department, City Hall, 111 South First Street, Alhambra, California.

Prepared and filed by:  
Development Services Department

By:   
Scott Lee, Principal Planner

## ENVIRONMENTAL CHECKLIST FORM

1. **Project Title:** Owner Participation Agreement
2. **Lead Agency Name and Address:** City of Alhambra Redevelopment Agency  
111 South First Street  
Alhambra CA 91801
3. **Contact Person and Phone Number:** James Funk, 626-570-5041
4. **Project Location:** 700 West Main Street
5. **Project Sponsor's Name and Address:** Matt Cramer  
Trammel Crow Company  
4 Park Plaza, Suite 700  
Irvine CA 92614
6. **General Plan Designation:** Commercial
7. **Zoning:** CPD
8. **Description of the Project:** (Describe the whole action involved, including but not limited to later phases of the project, and any secondary, support, or off-site features necessary for its implementation. Attach additional sheets if necessary)

A Redevelopment Agency Owner Participation Agreement for the development of a three-story office building containing approximately 130,000 square feet of floor area and a possible future 2,700 square foot retail building on an approximate land area of 2.48 acres located in the Commercial Planned Development zone. The participant will also need a City Commercial Planned Development Permit.

The County of Los Angeles Community Development Commission (“LACDC”) is in escrow to purchase the southeast corner of Atlantic Boulevard and Main Street with the intent to construct a headquarters office. There will be approximately 15 professional and business visitors (ranging from 10 to 20 visitors per day) and approximately 40 clients for Section 8 Housing (ranging from 10 to 60 clients per day). Typical hours of operation are weekdays from 8:00 am to 5:00 pm.

The proposed office building is anticipated to be the employment center for 540 to 575 persons. The possible retail building, if constructed and in operation, may be the employment center for an estimated 6 to 12 persons.

The project is consistent with the General Plan and Zoning. A Commercial Planned Development Permit is the only entitlement required to be obtained for the proposed project.

The LACDC’s objective for the design of the buildings is to create and achieve an attractive and pleasant three-story office building and possible future retail building reflecting a high level of concern for architectural and urban design principles both in terms of the development itself and its compatibility and suitability with the West Main Corridor Master Plan. The

pedestrian entry doors, lobby area, courtyard area, and waiting areas for Section 8 clients are designed to open to the existing parking structure. Vehicular access shall be taken from Atlantic Boulevard. Service area for all refuse shall be accessed from Washington Street.

The site plan retains the existing parking structure and integrates it aesthetically and programmatically into the new development. The new building uses a courtyard configuration with a contemporary architectural style. Although the exact building construction method is not determined as of yet, the intention of the style connotes a civic use through the use of concrete or smooth plaster as a finish and the expansive use of glass at the entry condition. The reduced glazed openings at the sides and rear of the building allow the design to transition in response to context.

Within the proposal is a possible retail space of approximately 2,700 square feet. The Alhambra Design Review Board staff expressed the opinion that there would be benefits in including the small retail building which benefits would best be described as a consistency of aesthetics and a punctuation of use. The “aesthetic” benefit provides a building that is aligned with the neighboring retail but is designed in conjunction with the new commercial building. It can serve as an aesthetic transition building in both scale and architectural style. The “use” benefit creates the opportunity for a new, well designed retail space at the end of the Main Street Corridor. As expressed by the City’s architect, the adjacent existing retail was never envisioned as the terminus of an important retail boulevard but this building can be designed with sensitivity to that specific condition.

LACDC has a ridesmart incentive program to encourage Commission employees to rideshare or use alternative means of transportation (walking, biking, or public transportation) to get to work. Two popular incentives are:

- 1) Reserved Parking Spaces (If employees carpool to work at least 8 days a month, the vehicle is eligible for an assigned reserved parking space); and
- 2) Paid Leave Time (If an employee carpools or uses other alternative modes of transportation to work at least 10 days per month, the employee is eligible to earn up to 9 hours (one day) of paid leave per year. The amount received depends on the number of days in each month that the employee “ridesmart.”).

The baseline environmental condition is the existing condition of uses, which is the existing theatre, on the property.

**9. Surrounding Land uses and Setting:** (Briefly describe the project's surroundings)

The project is located at a major intersection of two arterial streets and is surrounded primarily by commercial uses. The area in the vicinity of the site is fully developed.

**10. Other public agencies whose approval is required (e.g., permits, financing approval, or participation agreement).**

Los Angeles County Board of Supervisors; and City of Alhambra Planning Commission

**ENVIRONMENTAL FACTORS POTENTIALLY AFFECTED:**

The environmental factors checked below would be potentially affected by this project, involving at



least one impact that is a "Potentially Significant Impact" as indicated by the checklist on the following pages.

	Aesthetics		Greenhouse Gas Emissions		Population/Housing
	Agriculture and Forest Resources		Hazards & Hazardous Materials		Public Services
	Air Quality		Hydrology/Water Quality		Recreation
	Biological Resources		Land Use/Planning		Transportation/Traffic
	Cultural Resources		Mineral Resources		Utilities/Service Systems
	Geology/Soils		Noise		Mandatory Findings of Significance

**DETERMINATION:** (To be completed by the Lead Agency).

On the basis of this initial evaluation:

I find that the proposed project COULD NOT have a significant effect on the environment, and a NEGATIVE DECLARATION will be prepared.	X
I find that although the proposed project could have a significant effect on the environment, there will not be a significant effect in this case because revisions in the project have been made by or agreed to by the project proponent. A MITIGATED NEGATIVE DECLARATION will be prepared.	
I find that the proposed project MAY have a significant effect on the environment, and an ENVIRONMENTAL IMPACT REPORT is required.	
I find that the proposed project MAY have a "potentially significant impact" or "potentially significant unless mitigated" impact on the environment, but at least one effect (1) has been adequately analyzed in an earlier document pursuant to applicable legal standards, and (2) has been addressed by mitigation measures based on the earlier analysis as described on attached sheets. An ENVIRONMENTAL IMPACT REPORT is required, but it must analyze only the effects that remain to be addressed.	
I find that although the proposed project could have a significant effect on the environment, because all potentially significant effects (a) have been analyzed adequately in an earlier EIR or NEGATIVE DECLARATION pursuant to applicable standards and (b) have been avoided or mitigated pursuant to that earlier EIR or NEGATIVE DECLARATION, including revisions or mitigation measures that are imposed upon the proposed project, nothing further is required.	

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Signature

James Funk  
Printed Name

October 12, 2010  
Date

Redevelopment Agency Director and  
Development Service Director  
City of Alhambra  
For

## EVALUATION OF ENVIRONMENTAL IMPACTS:

- 1) A brief explanation is required for all answers except "No Impact" answers that are adequately supported by the information sources a lead agency cites in its explanation following each question. A "No Impact" answer is adequately supported if the referenced information sources show that the impact simply does not apply to projects like the one involved (e. g. the project falls outside a fault rupture zone). A "No Impact" answer should be explained where it is based on project-specific factors as well as general standards (e. g. the project will not expose sensitive receptors to pollutants, based on a project-specific screening analysis).
- 2) All answers must take account of the whole action involved, including off-site as well as on-site, cumulative as well as project-level, indirect as well as direct, and construction as well as operational impacts.
- 3) Once the lead agency has determined that a particular physical impact may occur, then the checklist answers must indicate whether the impact is potentially significant, less than significant with mitigation incorporated, or less than significant. "Potentially Significant Impact" is appropriate if there is substantial evidence that an effect may be significant. If there are one or more "Potentially Significant Impact" entries when the determination is made, an EIR is required.
- 4) "Negative Declaration: Less Than Significant With Mitigation Incorporated" applies where the incorporation of mitigation measures has reduced an effect from "Potentially Significant Impact" to a "Less Than Significant Impact." The lead agency must describe the mitigation measures, and briefly explain how they reduce the effect to a less than significant level (mitigation measures from Section 17, "Earlier Analysis," may be cross-referenced).
- 5) Earlier analysis may be used where, pursuant to the tiering, program EIR, or other CEQA process, an effect has been adequately analyzed in an earlier EIR or negative declaration. Section 15063 (c) (3) (D). In this case, a brief discussion should identify the following:
  - (a) Earlier Analysis Used. Identify and state where they are available for review.
  - (b) Impacts Adequately Addressed. Identify which effects from the above checklist were within the scope of and adequately analyzed in an earlier document pursuant to applicable legal standards, and state whether such effects were addressed by mitigation measures based on the earlier analysis.
  - (c) Mitigation Measures. For effects that are "Less than Significant with Mitigation Incorporated," describe the mitigation measures which were incorporated or refined from the earlier document and the extent to which they address the site-specific conditions for the project.
- 6) Lead agencies are encouraged to incorporate into the checklist references to information sources for potential impacts (e.g. general plans, zoning ordinances). Reference to a previously prepared or outside document should, where appropriate, include a reference to the page or pages where the statement is substantiated.
- 7) Supporting Information Sources: A source list should be attached, and other sources used or individuals contacted should be cited in the discussion.
- 8) This is only a suggested form, and lead agencies are free to use different formats; however, lead agencies should normally address the questions from this checklist that are relevant to a project's environmental effects in whatever format is selected..
- 9) The explanation of each issue should identify: (a) the significance criteria or threshold, if any, used to evaluate each question; and (b) the mitigation measure identified, if any, to reduce the impact to less than significant.

Issues and Supporting Information Sources	Potentially Significant Impacts	Less than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
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<b>1. AESTHETICS.</b> Would the project:				
a) Have a substantial adverse effect on a scenic vista?				X
The project calls for the construction of a three-story building and a possible future construction of a 2,700 square foot single-story retail building. The three-story building will be similar in height to the existing theater building it is replacing. The most prominent scenic vista is an already partially obstructed view of the San Gabriel Mountains to the northeast. Accordingly, the project would have little impact on this view for properties in the area.				
b) Substantially damage scenic resources, including, but not limited to trees, rock outcroppings, and historic buildings within a state scenic highway				X
There will be no impact on scenic resources.				
c) Substantially degrade the existing visual character or quality of the site and its surroundings?				X
The site is currently developed with a multi-screen theater and multi-level parking structure...				
d) Create a new source of substantial light or glare which would adversely affect day or nighttime views in the area?				X
Although the project may generate new light from various sources, it is located in a fully developed commercial area where such light is commonly found.				
<b>2. AGRICULTURE RESOURCES:</b> In determining whether impacts to agricultural resources are significant environmental effects, lead agencies may refer to the California Agricultural Land Evaluation and Site Assessment Model (1997) prepared by the California Department of Conservation as an optional model to use in assessing impacts on agriculture and farmland. Would the project:				
a) Convert Prime Farmland, Unique Farmland, or Farmland of Statewide Importance (Farmland) as shown on the maps prepared pursuant to the Farmland Mapping and Monitoring Program of the California Resources Agency, to non-agricultural use?				X
b) Conflict with existing zoning for agricultural use, or a Williamson Act contract?				X
c) Involve other changes in the existing environment which, due to their location or nature, could result in conversion of Farmland, to non-agricultural use?				X
The project will not affect farmland or agricultural resources as the site is located in a fully urbanized and developed area.				
<b>3. AIR QUALITY:</b> Where available, the significance criteria established by the applicable air quality management or air pollution control district may be relied upon to make the following determinations. Would the project:				
a) Conflict with or obstruct implementation of the applicable air quality plan?				X
The project will not conflict with the implementation of the air quality plan. The project would replace a motion picture theatre complex which is estimated to generate more vehicle trips than the proposed office use.				
b) Violate any air quality standard or contribute substantially to an existing or projected air quality violation?				X

Issues and Supporting Information Sources	Potentially Significant Impacts	Less than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
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Implementation of the project will not result in the violation of any air quality standards.				
c) Result in a cumulatively considerable net increase of any criteria pollutant for which the project region is non-attainment under an applicable federal or state ambient air quality standard (including releasing emissions which exceed quantitative thresholds for ozone precursors)?				X
d) Expose sensitive receptors to substantial pollutant concentrations?				X
The amount of vehicular traffic resulting from the project will not be of sufficient magnitude to cause significant emissions or concentrations of air pollutants.				
e) Create objectionable odors affecting a substantial number of people?				X
The architects for the project are designing "The Gateway at Alhambra" LACDC Headquarters Office Building as a "state of the art" building which will include environmentally friendly design elements such as a sustainable landscaping design, highly efficient mechanical system, efficient building envelope for reduced solar heat gain and the incorporation of building materials that emit low VOC's. The project is intended to be a LEED® Certified project with hopes of receiving a LEED® Silver Certification.				
<b>4. BIOLOGICAL RESOURCES.</b> Would the project:				
a) Have a substantial adverse effect, either directly or through habitat modifications, on any species identified as a candidate, sensitive, or special status species in local or regional plans, policies, or regulations, or by the California Department of Fish and Game or U. S. Fish and Wildlife Service?				X
The project will not have any adverse impacts on endangered or threatened species.				
b) Have a substantial adverse effect on any riparian habitat or other sensitive natural community identified in local or regional plans, policies, regulations or by the California Department of Fish and Game or U. S. Fish and Wildlife Service?				X
The project will not impact any natural habitat or community.				
c) Have a substantial adverse effect on federally protected wetlands as defined by Section 404 of the Clean Water Act (including, but not limited to, marsh, vernal pool, coastal, etc.) through direct removal, filling, hydrological interruption, or other means?				X
The project is located in a fully developed urban area. There are no wetlands in the vicinity.				
d) Interfere substantially with the movement of any native resident or migratory fish or wildlife species or with established native resident migratory wildlife corridors, or impede the use of native wildlife nursery sites?				X
The project will not have any adverse impacts on migratory fish or wildlife.				
e) Conflict with any local policies or ordinances protecting biological resources, such as a tree preservation policy or ordinance?				X

Issues and Supporting Information Sources	Potentially Significant Impacts	Less than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
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The project will not conflict with any local policies regarding protection of biological resources.				
f) Conflict with the provisions of an adopted Habitat Conservation Plan, Natural Conservation Community Plan, other approved local, regional, or state habitat conservation plan?				X
No such plans apply to the project site.				
<b>5. CULTURAL RESOURCES.</b> Would the project:				
a) Cause a substantial adverse change in the significance of a historical resource as defined in Section 15064.5?				X
There are no affected historic resources on the project site.				
b) Cause a substantial adverse change in the significance of an archaeological resource pursuant to Section 15064.5?				X
There are no known archaeological resources on or near the project site.				
c) Directly or indirectly destroy a unique paleontological resource or site or unique geologic feature?				X
There are no known unique paleontological or geologic features on or near the project site.				
d) Disturb any human remains, including those interred outside of formal cemeteries?				X
There are no known human burial sites on or near the project site.				
<b>6. GEOLOGY AND SOILS.</b> Would the project				
a) Expose people or structures to potential substantial adverse effects, including the risk of loss, injury, or death involving:				
i) Rupture of a known earthquake fault, as delineated on the most recent Alquist-Priolo Earthquake Fault Zoning Map issued by the State Geologist for the area or based on other substantial evidence of a known fault? Refer to Division of Mines and Geology Special Publication 42.				X
ii) Strong seismic ground shaking?				X
iii) Seismic-related ground failure, including liquefaction?				X
iv) Landslides?				X
Any changes to the soil conditions of the site will be so minor as to preclude an increase in risk of loss, injury, or death due to: earthquakes, landslides, mudslides, ground failure, or similar hazards.				
b) Result in substantial soil erosion or the loss of topsoil?				X
There will be no soil erosion or loss of topsoil as the site will be developed with buildings and a parking structure.				
c) Be located on a geologic unit or soil that is unstable, or that would become unstable as a result of the project, and potentially result in on- or off-site landslide, lateral spreading, subsidence, liquefaction or collapse?				X

Issues and Supporting Information Sources	Potentially Significant Impacts	Less than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
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d) Be located on expansive soil, as defined in Table 18-1-B of the Uniform Building Code (1994), creating substantial risks to life or property?				X
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The site is not located on unstable or expansive soil.

e) Have soils incapable of adequately supporting the use of septic tanks or alternative waste water disposal systems where sewers are not available for the disposal of waste water?				X
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Sewers are available for waste water, thus septic tanks and alternative waster water disposal systems will not be needed.

**7. GREENHOUSE GAS EMISSIONS.** Would the project:

a) Generate greenhouse gas emissions, either directly or indirectly, that may have a significant impact on the environment?				X
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The project is similar in size and bulk to the existing theater use and will generate less vehicle trips. The architects for the project are designing “The Gateway at Alhambra” LACDC Headquarters Office Building as a “state of the art” building which will include environmentally friendly design elements such as a sustainable landscaping design, highly efficient mechanical system, efficient building envelope for reduced solar heat gain and the incorporation of building materials that emit low VOC’s. The project is intended to be a LEED® Certified project with hopes of receiving a LEED® Silver Certification.

b) Conflict with any applicable plan, policy or regulation of an agency adopted for the purpose of reducing the emissions of greenhouse gases?				X
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The project will not conflict with any policies or regulations regarding greenhouse gas emissions.

**8. HAZARDS AND HAZARDOUS MATERIALS.** Would the project:

a) Create a significant hazard to the public or the environment through the routine transport, use, or disposal of hazardous materials?				X
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b) Create a significant hazard to the public or the environment through reasonably foreseeable upset and accident conditions involving the release of hazardous materials into the environment?				X
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c) Emit hazardous emissions or handle hazardous or acutely hazardous materials, substances, or waste within one-quarter mile of an existing or proposed school?				X
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d) Be located on a site which is included on a list of hazardous materials sites compiled pursuant to Government Code Section 65962.5 and, as a result, would it create a significant hazard to the public or the environment?				X
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Development of the project will not result in any hazard or potential hazard to human health. People will not be exposed to potential health hazards as a result of the project. Any hazardous materials used in the normal operation of the project will be strictly monitored and controlled in accordance with applicable laws.

e) For a project located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project result in a safety hazard for people residing or working in the project area?				X
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There are no airports or airstrips within the general vicinity.

Issues and Supporting Information Sources	Potentially Significant Impacts	Less than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
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f) For a project within the vicinity of a private airstrip, would the project result in a safety hazard for people residing or working in the project area?				X
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There are no airports or airstrips within the general vicinity.

g) Impair implementation of or physically interfere with an adopted emergency response plan or emergency evacuation plan?				X
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The project will not adversely impact emergency response or evacuation plans.

h) Expose people or structures to a significant risk of loss, injury or death involving wildland fires, including where wildlands are adjacent to urbanized areas or where residences are intermixed with wildlands?				X
--	--	--	--	---

There will be no risk of wildland fires from the project. The site is located in a fully developed urbanized area.

**9. HYDROLOGY AND WATER QUALITY.** Would the project:

a) Violate any water quality standards or waste discharge requirements?				X
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The project will comply with all requirements in these areas.

b) Substantially deplete groundwater supplies or interfere substantially with groundwater recharge such that there would be a net deficit in aquifer volume or a lowering of the local groundwater table level (e.g., the production rate of pre-existing nearby wells would drop to a level which would not support existing land uses or planned uses for which permits have been granted)?				X
---	--	--	--	---

The architects for the project are designing “The Gateway at Alhambra” LACDC Headquarters Office Building as a “state of the art” building which will include environmentally friendly design elements such as a sustainable landscaping design, highly efficient mechanical system, efficient building envelope for reduced solar heat gain and the incorporation of building materials that emit low VOC’s. The project is intended to be a LEED® Certified project with hopes of receiving a LEED® Silver Certification.

c) Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, in a manner which would result in substantial erosion or siltation on- or off-site?				X
--	--	--	--	---

d) Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, or substantially increase the rate or amount of surface runoff in a manner which would result in flooding on- or off-site?				X
---	--	--	--	---

Development of the site will result in no perceptible change to water absorption rates, drainage patterns, or the rate and amount of surface runoff. Drainage patterns will remain similar to the existing condition as the building footprint of the proposed structure is almost identical to the existing theater building. All drainage will be to the street and not to adjacent properties.

e) Create or contribute runoff water which would exceed the capacity of existing or planned storm water drainage systems or provide substantial additional sources of polluted runoff?				X
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Storm water drainage systems in the vicinity of the project are capable of handling runoff.

Issues and Supporting Information Sources	Potentially Significant Impacts	Less than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
f) Otherwise substantially degrade water quality?				X
The project will not impact or degrade water quality.				
g) Place housing within a 100-year flood hazard area as mapped on a federal Flood Hazard Boundary or Flood Insurance Rate Map or other flood hazard delineation map?				X
No housing is being built or proposed as part of this project.				
h) Place within a 100-year flood hazard area structures which would impede or redirect flood flows?				X
i) Expose people or structures to a significant risk of loss, injury or death involving flooding, including flooding as a result of the failure of a levee or dam?				X
j) Inundation by seiche, tsunami, or mudflow?				X
The project will not increase flood hazards.				
k) Have the potential to impact storm water runoff during construction?				X
l) Have the potential to impact storm water runoff during post-construction activity?				X
The project will be monitored and best management practices implemented to contain storm water runoff during and after construction				
m) Have the potential for discharge of storm water from areas of material storage, vehicle or equipment fueling, vehicle or equipment maintenance (including washing), waste handling, hazardous materials handling or storage, delivery areas or loading docks, or other outdoor work areas?				X
n) Have the potential for the discharge of storm water which would impair the beneficial uses of the receiving waters or areas that provide water quality benefit?				X
o) Have the potential for the discharge of storm water which could cause significant harm on the biological integrity of the waterways and water bodies?				
Best management practices and monitoring will be utilized to ensure that daily operations of the building including loading and deliveries do not discharge storm water.				
p) Have the potential to cause significant changes in the flow velocity or volume of storm water runoff that can cause environmental harm?				X
The project design, monitoring and best management practices will ensure that storm water runoff will be adequately and safely handled.				
q) Have the potential to cause significant increases in erosion of the project site or surrounding areas?				X
The footprint of the existing parking structure is approximately 33,100 square feet. The proposed office building footprint is roughly the equivalent of the existing theatre structure. The project will not increase erosion on the site or in the surrounding area.				
<b>10. LAND USE AND PLANNING.</b> Would the project:				



Issues and Supporting Information Sources	Potentially Significant Impacts	Less than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
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a) Physically divide an established community?				X
The project will be located in the middle of an established commercial area and will not create any physical divisions.				
b) Conflict with any applicable land use plan, policy or regulation of an agency with jurisdiction over the project (including, but not limited to the general plan, specific plan, local coastal program, or zoning ordinance) adopted for the purpose of avoiding or mitigating an environmental effect?				X
The project complies with all applicable land use ordinances and plans.				
c) Conflict with any applicable habitat conservation plan or natural communities conservation plan?				X
No such plans apply to the project site.				
<b>11. MINERAL RESOURCES.</b> Would the project:				
a) Result in the loss of availability of a known mineral resource that would be of value to the region and the residents of the state?				X
There are no known mineral resources of value on the site.				
b) Result in the loss of availability of a locally-important mineral resource recovery site delineated on a local general plan, specific plan or other land use plan?				X
There are no such sites in the vicinity of the project site.				
<b>12. NOISE.</b> Would the project result in:				
a) Exposure of persons to or generation of noise levels in excess of standards established in the local general plan or noise ordinance, or applicable standards of other agencies?				X
Noise generated by the project will be substantially less than the existing theater use. The project will operate during normal business hours and will not operate during late evening or early morning hours.				
b) Exposure of persons to or generation of excessive groundborne vibration or groundborne noise levels?				X
The project is not expected to generate any groundborne noise or vibration.				
c) A substantial permanent increase in ambient noise levels in the project vicinity above levels existing without the project?				X
d) A substantial temporary or periodic increase in ambient noise levels in the project vicinity above levels existing without the project?			X	
The site is located within an established commercial area and the ambient noise levels from the construction of this project will be consistent with other uses that would be permitted on the site.				
e) For a project located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project expose people residing or working in the project				X

Issues and Supporting Information Sources	Potentially Significant Impacts	Less than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
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area to excessive noise levels?				
f) For a project within the vicinity of a private airstrip, would the project expose people residing or working in the project area to excessive noise levels?				X

The site is not located in the vicinity of an airport or an airstrip.

**13. POPULATION AND HOUSING.** Would the project:

a) Induce substantial population growth in an area, either directly (for example, by proposing new homes and businesses) or indirectly (for example, through extension of roads or other infrastructure)?				X
---	--	--	--	---

The proposal does not create a demand for additional housing.

b) Displace substantial numbers of existing housing, necessitating the construction of replacement housing elsewhere?				X
---	--	--	--	---

c) Displace substantial numbers of people, necessitating the construction of replacement housing elsewhere?				X
---	--	--	--	---

No households will be displaced by the project.

**14. PUBLIC SERVICES.** Would the project result in substantial adverse physical impacts associated with the provision of new or physically altered government facilities, need for new or physically altered governmental facilities, the construction of which could cause significant environmental impacts, in order to maintain acceptable service ratios, response times or other performance objectives for any of the public services:

a) Fire protection?				X
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The project will comply with the latest codes regarding fire sprinklers, fire prevention and safety. The existing Fire Department resources will be adequate to serve the project.

b) Police protection?				X
-----------------------	--	--	--	---

Existing Police Department resources will be able to adequately serve the project. Due to the change in the type of use from a theater to an office building, it is expected that calls for police service will decrease.

c) Schools?				X
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d) Parks?				X
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e) Other public facilities?				X
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The development of the project would have no effect upon nor result in a need for new schools, parks or other recreational facilities, maintenance of public facilities, or other governmental services over what was required by the previous use.

**15. RECREATION.**

a) Would the project increase the use of existing neighborhood or regional parks or other recreational facilities such that substantial physical deterioration of the facility would occur or be accelerated?				X
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b) Does the project include recreational facilities or require the construction or				X
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Issues and Supporting Information Sources	Potentially Significant Impacts	Less than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
expansion of recreational facilities which might have an adverse physical effect on the environment?				
No existing recreational opportunities are affected by the project.				
<b>16. TRANSPORTATION/TRAFFIC.</b> Would the project:				
a) Cause an increase in traffic which is substantial in relation to the existing traffic load and capacity of the street system (i.e., result in a substantial increase in either the number of vehicle trips, the volume to capacity ratio on roads, or congestion at intersections)?				X
The proposed office project and the possible 2,700 square foot retail building combined is less intense than the current theater use; therefore, the number of vehicle trips will be reduced.				
b) Exceed, either individually or cumulatively, a level of service standard established by the county congestion management agency for designated roads or highways?				X
The traffic levels resulting from the project will be within the capacity of the existing streets.				
c) Result in a change in air traffic patterns, including either an increase in traffic levels or a change in location that results in substantial safety risks?				X
Air traffic patterns will not be affected by the project.				
d) Substantially increase hazards to a design feature (e.g., sharp curves or dangerous intersections) or incompatible uses (e. g. farm equipment)?				X
The project will not increase hazards to any design features.				
e) Result in inadequate emergency access?				X
The project will not adversely impact emergency response or access.				
f) Result in inadequate parking capacity?				X
The existing parking structure will be retained and will provide a conforming number of parking spaces for employees, clients and visitors. The parking structure contains more parking stalls than required to be provided in order to conform to the city's zoning ordinance.				
g) Conflict with adopted policies supporting alternative transportation (e.g., bus turnouts, bicycle racks)?				X
The project will not conflict with programs supporting alternative transportation. Rather, the occupant currently has a "ridesmart" program that supports employee use of alternative modes of transportation.				
<b>17. UTILITIES AND SERVICE SYSTEMS.</b> Would the project:				
a) Exceed wastewater treatment requirements of the applicable Regional Water Quality Control Board?				X
The project will not generate wastewater of a sufficient quantity or quality to exceed wastewater treatment requirements.				
b) Require or result in the construction of new water or wastewater treatment				X

Issues and Supporting Information Sources	Potentially Significant Impacts	Less than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
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facilities or expansion of existing facilities, the construction of which could cause significant environmental effects?				
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The project will not require the construction of new water or sewage treatment facilities.

c) Require or result in the construction of new storm water drainage facilities or expansion of existing facilities, the construction of which could cause significant environmental effects?				X
---	--	--	--	---

The existing storm drain system will be adequate to accommodate the project.

d) Have sufficient water supplies available to serve the project from existing entitlements and resources, or are new or expanded entitlements needed?				X
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Public water supplies are adequate for the proposed development.

e) Result in a determination by the wastewater treatment provider which serves or may serve the project that it has adequate capacity to serve the project's projected demand in addition to the provider's existing commitments?				X
---	--	--	--	---

The existing treatment facilities will be adequate to serve the project.

f) Be served by a landfill with sufficient permitted capacity to accommodate the project's solid waste disposal needs?				X
--	--	--	--	---

Existing landfill facilities will be adequate to serve the project.

g) Comply with federal, state, and local statutes and regulations related to solid waste?				X
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The project will comply with all applicable statutes relating to solid waste.

**17. MANDATORY FINDINGS OF SIGNIFICANCE.**

a) Does the project have the potential to degrade the quality of the environment, substantially reduce the habitat of a fish or wildlife species, cause a fish or wildlife population to drop below self-sustaining levels, threaten to eliminate a plant or animal community, reduce the number or restrict the range of a rare or endangered plant or animal or eliminate important examples of the major periods of California history or prehistory?				X
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The subject site does not contain the habitat of a fish or wildlife species and therefore the project will not cause a fish or wildlife population to drop below self-sustaining levels, threaten to eliminate a plant or animal community, or reduce or restrict the range of a rare or endangered plant or animal. The subject site is not of prehistoric or historic importance.

b) Does the project have impacts that are individually limited, but cumulatively considerable? ("Cumulatively considerable" means that the incremental effects of a project are considerable when viewed in connection with the effects of past projects, the effects of other current projects, and the effects of probable future projects)?				X
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As documented in the findings of the previous sections, the disadvantage to both short-term and long-term environmental goals

Issues and Supporting Information Sources	Potentially Significant Impacts	Less than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
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<p>from this project are addressed by specific mitigating measures. The required mitigation measures were instituted at the time of construction of the existing use (movie theatre). The proposed project does not require additional mitigation measures.</p>				
<p>c) Does the project have environmental effects which will cause substantial adverse effects on human beings, either directly or indirectly?</p>				<p>X</p>
<p>No substantial direct or indirect adverse environmental effects on human beings can be expected from this project.</p>				

**FACILITIES  
LEASE AGREEMENT**

**between**

**COMMUNITY DEVELOPMENT PROPERTIES  
LOS ANGELES COUNTY, INC.,  
a California nonprofit public benefit corporation**

**as Landlord**

**and**

**COMMUNITY DEVELOPMENT COMMISSION  
OF THE COUNTY OF LOS ANGELES**

**as Tenant**

**May 1, 2011**

**LACDC Headquarters Office Building  
Alhambra, California**

**LACDC Headquarters Office Building  
Alhambra, California**

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## **FACILITIES LEASE AGREEMENT**

THIS FACILITIES LEASE AGREEMENT (“Lease”) is dated for reference purposes May 1, 2011 and is made by and between **COMMUNITY DEVELOPMENT PROPERTIES LOS ANGELES COUNTY, INC.**, a California nonprofit public benefit corporation (“Landlord”), and **COMMUNITY DEVELOPMENT COMMISSION OF THE COUNTY OF LOS ANGELES** (“Tenant”). Landlord and Tenant agree as follows:

### **RECITALS**

**A.** Landlord is the owner of that certain real property located in the City of Alhambra, County of Los Angeles, California (“Land”), more specifically described on the attached **EXHIBIT A**.

**B.** Tenant desires to have Landlord construct on the Land an office building containing approximately 120,000 rentable square feet to serve as Tenant’s headquarters office building (“Building”). Tenant also desires to have Landlord renovate an existing parking structure located on the Land containing approximately 582 parking stalls (“Parking Structure”) to primarily serve the occupants of the Building. Design, permitting and construction of the Building and the Parking Structure are referred to herein as the “Project.”

**C.** Landlord and Tenant desire to enter into this Lease whereby Tenant shall lease and, upon substantial completion, shall occupy the Premises (as defined below) at the rent and subject to all of the terms, covenants and conditions set forth herein. The projected and desired date of occupancy is September 1, 2012.

**D.** Landlord will engage Trammell Crow So. Cal. Development, Inc. as Developer to develop, oversee and manage the design, permitting and construction phases of the Project in accordance with the terms and conditions of a Development Agreement and for a Fixed Price as provided herein, all of which shall be subject to Tenant’s concurrence as provided herein.

**E.** Landlord anticipates that financing for the Project will be pursuant to its issuance of tax-exempt obligations in accordance with the provisions of Revenue Ruling 63-20 of the U.S. Treasury, as amended and updated by Revenue Procedure 82-26 of the U.S. Treasury (the “Bonds”). Upon payment in full of the Bonds, or earlier defeasance thereof, Landlord will convey the Premises to Tenant for no additional consideration.

**F.** As provided under applicable California law, Tenant is a public entity that is separate and distinct from the County of Los Angeles. As such, Tenant is subject to an annual financial audit that is separate from that of the County of Los Angeles. Furthermore, Tenant does not rely upon general fund monies of the County of Los Angeles for its normal operations and will not rely upon general fund monies of the County of Los Angeles to pay Rent hereunder.

## AGREEMENT

**1. Definitions.** As used in this Lease, the following capitalized terms shall have the following meanings:

**1.1 “ADA”** means the Americans With Disabilities Act of 1990, as amended from time to time.

**1.2 “Additional Rent”** means the Operating Costs, including Taxes and Utilities, together with Capital Expenditures, each as defined herein, payable by Tenant under the provisions of this Lease.

**1.3 “Administrative Fees and Expenses”** shall have the meaning set forth in the Indenture.

**1.4 “Architect”** means Langdon Wilson International, the architect for the Project selected by Landlord, with the Tenant’s Concurrence (as defined in Section 1.62 below).

**1.5 “Asset Management Fee”** means that fee payable to Landlord as part of the Additional Rent in an amount equal to one percent (1%) of the Rent payable hereunder, except that portion of the Rent payable for (i) the Asset Management Fee and (ii) the Capital Reserve Payments.

**1.6 “Bond Closing”** refers to the date the Bond proceeds are available to the Trustee.

**1.7 “Bonds”** means those tax-exempt obligations to be issued by Landlord for acquisition of the Land and construction of the Project pursuant to the Indenture and which satisfy the requirements of Revenue Ruling 63-20 of the U.S. Treasury, as amended and updated by Revenue Procedure 82-26 of the U.S. Treasury, and other regulations, interpretations and letter rulings issued by the Internal Revenue Service with respect to such financings. From the proceeds of such Bonds, Landlord intends to pay all costs associated with the purchase of the Land, the Fixed Price, all costs of issuing the Bonds, and capitalized interest during the construction period.

**1.8 “Building”** means the office building containing approximately 120,000 rentable square feet of area. The Building is more particularly described in the Preliminary Plans attached hereto as **EXHIBIT C**.

**1.9 “Business Day”** shall have the meaning set forth in the Indenture.

**1.10 “Calendar Year”** means a calendar year commencing with January 1 and ending with December 31.

**1.11 “Capital Expenditures”** means expenditures made from the Capital Repairs Fund in accordance with Section 5.11 below.

**1.12 “Code”** means the Internal Revenue Code of 1986, as amended, or any successor federal income tax statute or code. Any reference to a provision of the Code shall include the applicable Department of Treasury regulations.

**1.13 “Commencement Date”** means the date of Substantial Completion of the Project.

**1.14 “Construction Contracts”** means (i) the General Construction Contract and (ii) all other contracts for construction services entered into between Landlord, or Developer, on behalf of and acting as agent for Landlord, and any Contractor, for construction of any portion of the Project not covered by the General Construction Contract.

**1.15 “Construction Documents”** mean the Construction Drawings and Detailed Specifications approved, in writing, by Landlord with Tenant’s Concurrence, for the construction of the Project, including technical drawings, schedules, diagrams, plans and specifications setting forth in detail the requirements for construction of the Project and providing information customarily required for the use of the building trades.

**1.16 “Construction Drawings”** means drawings setting forth in detail the requirements for the construction of the Project. As used herein, “Construction Drawings” include all graphic and pictorial documents depicting the design, location and dimensions of the elements of the Project (including Tenant Improvements) and include plans, elevations, sections, details, schedules and diagrams for the Project.

**1.17 “Contract Documents”** means the contract with the Architect, Construction Documents, the Construction Contracts and the other documents identified as Contract Documents in the General Construction Contract, all of which shall be subject to Tenant’s Concurrence as defined herein.

**1.18 “Contractors”** means the General Contractor and any other construction contractors with whom Landlord enters into direct contracts upon the written recommendation of Developer, or with whom Developer on behalf of and acting as the Landlord’s agent, enters into contracts; provided, however, that all such contracts shall be entered into with Tenant’s Concurrence.

**1.19 “Detailed Specifications”** means all written detailed requirements for materials, equipment, construction systems, standards and workmanship for the construction of the Project.

**1.20 “Developer”** means Trammell Crow So. Cal. Development, Inc., a Delaware corporation, and its successors and permitted assigns under the Development Agreement.

**1.21 “Development Agreement”** means that certain Development Agreement of even date herewith, as amended from time to time, between Developer and Landlord which provides for the development, design, permitting and construction of the Project, and which has received Tenant’s Concurrence.



**1.22 “Effective Date”** means the date that this Lease is fully executed, acknowledged and delivered by Landlord and Tenant.

**1.23 “Environmental Laws”** means all federal, state, and local laws, statutes, rules, regulations, ordinances, and codes relating to the regulation or protection of human health, safety, the environment, and natural resources, including, without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act (42 U.S.C. §§ 9601 *et seq.*), the Hazardous Materials Transportation Act (49 U.S.C. §§ 5101 *et seq.*), the Resource Conservation and Recovery Act (42 U.S.C. §§ 6901 *et seq.*), the Clean Air Act (42 U.S.C. §§ 7401 *et seq.*), the Clean Water Act (33 U.S.C. §§ 1251 *et seq.*), the Solid Waste Disposal Act (42 U.S.C. §§ 6901 *et seq.*), the Toxic Substances Control Act (15 U.S.C. §§ 2601 *et seq.*), the Emergency Planning and Community Right-To-Know Act (42 U.S.C. §§ 11001 *et seq.*), the Occupational Safety and Health Act (29 U.S.C. §§ 651 *et seq.*), and any similar or comparable state or local laws, including, without limitation, the California Hazardous Substance Account Act (California Health & Safety Code §§ 25300 *et seq.*), as such federal, state, and local laws exist as of the Effective Date and as amended in the future.

**1.24 “Event(s) of Default”** has the meaning set forth in Section 22 of this Lease.

**1.25 “Expiration Date”** means the earlier of December 31, 2042 or the date on which this Lease terminates in accordance with its terms.

**1.26 “Final Acceptance”** means that the following events have occurred with respect to the Project:

(a) The City of Alhambra, California has issued all certificates of occupancy for the Project and a Certificate of Completion under the Owner Participation Agreement dated November 8, 2010 by and between Alhambra Redevelopment Agency and Landlord.

(b) Each Contractor has issued its “Certificate of Substantial Completion” together with its “Affidavit of Payment of Debts and Claims” (AIA Forms 706 and 706A), together with final waivers and releases of lien, in form satisfactory to Landlord, from such materialmen, laborers, contractors and subcontractors as Landlord may reasonably require.

(c) All Punch List items for the Project have been completed to the reasonable satisfaction of Landlord with Tenant’s Concurrence.

(d) Developer has submitted its application for Final Payment together with evidence reasonably satisfactory to Landlord that all construction costs for the Project have been paid in full including evidence of full payment for any personal property installed on the Land as part of the Project Costs.

(e) The period for filing construction liens for the Project has expired and none have been filed or releases or discharges of construction liens have been obtained by Developer from all Contractors in accordance with all Construction Contracts.

(f) Architect has issued its “Certificate of Final Completion” for the Project and Landlord has received the certificate of any other architect or engineer reasonably requested by Landlord.

(g) General Contractor has issued a certificate that (i) the Project has been finally completed in substantial accordance with the Contract Documents and (ii) no Hazardous Substances were incorporated into the structure of the Project.

(h) Developer has delivered to Landlord a written report showing the allocation of Project Costs among the categories of the Project Budget and the remaining specified dollar amount of the Project Contingency and the undisbursed portion of the Developer’s Management Fee and Development Fee (as defined in the Development Agreement).

(i) Landlord has received an endorsement to its title policy and Trustee shall have received an endorsement to its title policy, each dated as of and issued on the date of Final Acceptance, which shall (i) insure Landlord and Trustee, respectively, against any liens for labor or materials, whether or not of record, which may have arisen in connection with the construction of the Project, and (ii) show no additional exceptions to such title policy other than those approved by or arising through Landlord.

**1.27 “Final Payment”** means payment to the Developer, the Architect, General Contractor and any other Contractors by Landlord following Final Acceptance.

**1.28 “Fixed Price”** means \$\_\_\_\_\_, the total amount to be paid by Landlord for Project Costs. A detailed description of Project Costs by line item and category is set forth in the Project Budget.

**1.29 “General Construction Contract”** means the agreement between Landlord and the General Contractor for construction of the Project.

**1.30 “General Contractor”** means the general contractor for the Project selected by Landlord, with Tenant’s Concurrence, prior to the date hereof.

**1.31 “Hazardous Substance”** means any material, waste, substance, industrial waste, toxic waste, chemical contaminant, petroleum, asbestos, polychlorinated biphenyls, radioactive materials, or other substances regulated or classified by Environmental Laws as hazardous, toxic or lethal to persons or property.

**1.32 “Indenture”** means the trust indenture pursuant to which Landlord will cause the issuance of the Bonds.

**1.33 “Land”** means the real property located in the City of Alhambra, County of Los Angeles, California, more particularly described in the attached **EXHIBIT A**. The Land is generally located at the intersection of Atlantic and Main in Alhambra.

**1.34 “Landlord”** means Community Development Properties Los Angeles County, Inc., a California nonprofit public benefit corporation, and its successors and permitted assigns.

**1.35 “Laws”** means any constitution, statute, ordinance, regulation, rule, resolution, judicial decision, administrative order or other requirement of any federal, state, county, municipal or other governmental agency or authority having jurisdiction over the parties or the Premises, or both, in effect either at the time of execution of this Lease or at any time during the Term, including without limitation, any regulation or order of a quasi-official entity or body (e.g., board of fire examiners or public utilities) and all rules, laws and regulations issued thereunder, as the same may be amended from time to time.

**1.36 “Liens”** means any lien, charge, security interest or encumbrance, except the Indenture and the Mortgage, which may be attached to, upon or against the Premises or any portion thereof.

**1.37 “Monthly Rent”** means the rent payable by Tenant under this Lease from September 1, 2012 to and including the Expiration Date in the amounts set forth on the Schedule of Monthly Rent, annexed hereto as **EXHIBIT B** and by this reference incorporated herein. Monthly Rent is the amount necessary to pay principal and interest with respect to the Bonds in accordance with the Indenture.

**1.38 “Mortgage”** means the (a) Construction Deed of Trust, Security Agreement, Assignment of Leases and Rents, and Fixture Filing; (b) Assignment of Leases and Cash Collateral; (c) applicable Uniform Commercial Code financing statements; and (d) other security documents executed by Landlord in connection with or to secure the Bonds.

**1.39 “Notice Address”** means, as to each of the Notice Parties, its respective address as specified in or pursuant to Section 32.7 of this Lease.

**1.40 “Notice Parties”** means each of Landlord, Tenant and Trustee.

**1.41 “Operating Costs”** has the meaning given to it in Section 5 of this Lease.

**1.42 “Parking Structure”** means the existing parking structure located on the Land to be renovated in accordance with applicable Project Requirements, for use by Tenant pursuant to this Lease. The Parking Structure is more particularly described in the Preliminary Plans, attached hereto as **EXHIBIT C**.

**1.43 “Permitted Use”** means use of the Premises by Tenant for its headquarters office building and any other lawful use consistent with the provisions of Section 7.

**1.44 “Preliminary Plans”** are the initial renditions for the Building and the Parking Structure pursuant to site plan approvals issued with respect to the Project by the City of Alhambra, California, a schedule of which Preliminary Plans is attached hereto as **EXHIBIT C** and incorporated herein by this reference.

**1.45 “Premises”** means the Land, the entirety of the Building, the Parking Structure and any other improvements on the Land.

**1.46 “Project”** means the total design, permitting and construction, including demolition of certain existing improvements on the Land, all design and other professional services, and all labor, materials and equipment used or incorporated in such design and construction of the Building to be constructed, the Parking Structure to be renovated on the Land and the Tenant Improvements to be constructed within the Building. The Project shall include work which is consistent with and reasonably inferable from the approved Project Requirements as being necessary to produce the intended results,.

**1.47 “Project Budget”** means the budget for development of the Project attached hereto as **EXHIBIT D-2** and as revised from time to time by Developer and Landlord with Tenant’s Concurrence, and in accordance with the Development Agreement.

**1.48 “Project Contingency”** means the contingency by that name set forth in the Project Budget and further defined in the Development Agreement.

**1.49 “Project Costs”** means all costs for the completion of the development, design, permitting and construction of the Project, including, without limitation, any demolition costs, all permit fees, all costs of the Building, the Tenant Improvements and the Parking Structure, HVAC, electrical and other building systems, remediation of environmental issues (if any) as set forth in the Construction Documents, all costs of fixtures, furnishing and equipment described in the Construction Documents, all costs of architectural services provided by the Architect, all other professional design services and other services provided by Contractors or other professionals engaged by Developer or General Contractor, all amounts paid to General Contractor under the General Construction Contract including all labor, material, and equipment used or incorporated in such design and construction, all amounts paid to other Contractors and subcontractors, if any, under any other Construction Contract or subcontract entered into by Landlord upon the written approval of Developer or by Developer on behalf of and acting as the Landlord’s agent in connection with the Project, including all labor, material, equipment used or incorporated in such design and construction, services provided by engineers, environmental consultants, surveyors and other professionals and consultants retained by Developer in connection with the Project, the Developer’s Project Management Fee, Developer’s Development Fee (each as defined in the Development Agreement), insurance (other than Bond insurance), payment and performance bonds, applicable state and local retail sales, and other taxes (including real property taxes and assessments accruing prior to Substantial Completion of the Project), and the Project Contingency.

Project Costs do not include (a) Tenant’s Personal Property and any taxes thereon (which shall be paid by Tenant at its sole cost and expense); (b) financing costs in connection with the issuance of the Bonds, including, without limitation, capitalized interest deposits; (c) costs of removing or remediating any Hazardous Substances in, on or emanating from the Land in excess of the amount specifically set forth in the Project Budget for Environmental Remediation (as defined in the Development Agreement); and (d) to the extent not reflected in the Construction Documents, costs of any off-site improvements required as a condition to or in connection with the development or construction of the Project.

**1.50 “Project Requirements”** means the Preliminary Plans, Construction Documents, Requirements of Law, and any other requirements for the Project specifically agreed to by Landlord and Developer with Tenant’s Concurrence.

**1.51 “Project Schedule”** means the schedule for development and construction of the Project as revised from time to time by Developer and Landlord in accordance with the Development Agreement, and with Tenant’s Concurrence. The Project Schedule shall have a Substantial Completion date of no later than September 1, 2012. The initial Project Schedule is set forth in **EXHIBIT D-1** attached hereto and by this reference incorporated herein.

**1.52 “Punch List”** means a list of items required to be completed prior to Final Acceptance that are minor items which do not affect Landlord’s ability to lease the Premises to Tenant and do not affect Tenant’s ability to use the Premises for their Permitted Use. The Punch List shall be subject to Tenant’s Concurrence.

**1.53 “Rent”** means the sum of Monthly Rent and Additional Rent.

**1.54 “Rent Commencement Date”** means September 1, 2012, the date that Tenant’s obligation to pay Monthly Rent commences.

**1.55 “Requirements of Law”** means all requirements relating to land and building construction (including those specifically applicable to Tenant’s contemplated use of the Premises for the Permitted Use), including, without limitation, planning, zoning, subdivision, environmental, air quality, flood hazard, fire safety, accessibility, and other governmental approvals, permits, licenses and/or certificates as may be necessary from time to time to comply with all the foregoing and other applicable statutes, rules, orders, regulations, laws, ordinances, and covenants, conditions and restrictions, which now apply to and/or affect the design, construction, existence, intended use, operation and/or occupancy of the Land, the Premises or any part thereof.

**1.56 “Substantial Completion of the Project”** means that each of the following events has occurred with respect to the Project:

(a) Developer has notified Landlord and Tenant in writing that the Project, including all Tenant Improvements, are Substantially Complete in strict accordance with the Contract Documents, subject only to the completion of normal Punch List items and activities required for LEED certification;

(b) Architect has issued its “Certificate of Substantial Completion” (AIA Document G704) stating that the work under the Construction Contracts is sufficiently complete in substantial accordance with the Contract Documents to permit Tenant to occupy or utilize the Premises for its Permitted Use;

(c) The City of Alhambra has issued a temporary certificate of occupancy and the City’s Fire Department has also issued its approval for occupancy such that Tenant is permitted to and could, pursuant to such issued certificate of occupancy, physically occupy the Premises for its Permitted Use;

(d) Landlord has received satisfactory evidence from Developer that all real property taxes and assessments on the Project that are due and owing as of such date have been paid;

(e) Each Contractor has issued its “Certificate of Substantial Completion” together with its “Affidavit of Payment of Debts and Claims” (AIA Forms 706 and 706A), together with partial waivers and releases of lien for work performed prior to the date of its “Certificate of Substantial Completion” in form satisfactory to Landlord, with Tenant’s concurrence, from such materialmen, laborers, contractors and subcontractors as Landlord, with Tenant’s Concurrence, may reasonably require;

(f) Landlord, with Tenant’s Concurrence, has accepted the Project as Substantially Complete, subject to completion of the Punch List items agreed upon by Landlord, with Tenant’s Concurrence; and

(g) Landlord shall have caused a Notice of Completion under California Civil Code § 3093 to be recorded.

**1.57 “Substantially Complete”** means that the Project has been constructed in substantial accordance with the Contract Documents and: (a) all elements required for the functioning of the Project are operational and in good working order and condition including satisfying applicable ADA building requirements, as well as regulations adopted thereunder; (b) the Building is weather tight and waterproof; (c) the fire and life safety systems within the Project are operational and in good working order and condition; (d) the elevators operate and function in good working order and condition, but may still require minor touch up installation and cleaning; (e) the mechanical and electrical systems, including but not limited to the HVAC system, have been individually tested and verified that they are in good working order and able to support the Permitted Use of the Project by the Tenant, and have been tested to assure that the Project systems operate on an integrated basis; (f) the finish work has been substantially completed, including, but not limited to public lobby, elevator, HVAC, plumbing, fire and life safety, sprinkler and electrical systems, doors, partitions, cabinetry, carpet and base, including removal of all construction debris; (g) all roadway improvements, site utilities, sidewalks and landscaping have been substantially completed and construction barricades and equipment have been removed; and (h) the access and security systems for the Project have been installed and are operational, except in each case minor Punch List items which do not materially affect use and occupancy of the Project for its Permitted Use.

**1.58 “Taxes”** means all real property taxes and assessments (including assessments for special assessment district improvements), supplemental assessments, license and permit fees, leasehold excise taxes, other excise taxes, levies, sales, use and occupancy taxes, any tax or charge assessed against the Rent or fair market value of the Premises and any taxes levied or assessed in addition to or in lieu of, in whole or in part, such taxes, assessments or other charges and all other governmental impositions and charges of every kind and nature, general and special, ordinary and extraordinary, foreseen and unforeseen of every character (including interest and penalties thereon) which at any time from and after the Commencement Date may be imposed, levied upon or assessed against or which arise with respect to or constitute a lien upon the Land, the Premises (or any part thereof), the leasehold estate created by this Lease or any part

thereof, or any estate, right or interest therein, or any occupancy, use or possession of or activity conducted on the Premises or any part thereof. Taxes shall not include any tax computed on the basis of Landlord's net income.

**1.59 "Tenant"** means Community Development Commission of the County of Los Angeles, and its successors and permitted assigns, as the tenant under this Lease.

**1.60 "Tenant Improvement Budget"** means, the design and construction costs of the Tenant Improvements to be constructed and completed by September 1, 2012 through a guaranteed maximum price budget not to exceed \$7,426,613, as approved in writing by Tenant. The Tenant Improvements' Budget must be composed through a competitive bid process of the Contractors.

**1.61 "Tenant Improvements"** means any improvements to the interior of the Building, such as data wiring, floor and wall coverings, ceilings, partitions, air conditioning, fire protection, Tenant-specific electrical wiring and lighting, and security as are more specifically described in the Construction Documents and subject to Tenant's Concurrence.

**1.62 "Tenant's Concurrence"** means, with respect to any Contract Documents or any action to be taken by Landlord with respect to the Project for which Tenant's concurrence is specified, the written approval of Tenant to such Contract Document or action following (i) written notice to Tenant from Landlord requesting such concurrence and (ii) the period of time expressly stated in days for Tenant to consider such request either as specified herein or, if not specified, a commercially reasonable period of time. If Tenant fails to respond within such period, Tenant's Concurrence shall be deemed granted. Tenant's Concurrence shall not be unreasonably withheld or delayed.

**1.63 "Tenant's Construction Representative"** means the designee of Tenant's Executive Director as named in a notice from Tenant to Landlord given from time to time.

**1.64 "Tenant's Personal Property"** means Tenant's furniture, equipment and movable property placed in the Premises by the Tenant and any property installed in or about the Premises by Tenant; provided, however, that fixtures, furnishing and equipment described in the Construction Documents as being part of the Project are not deemed to be part of Tenant's Personal Property. Tenant shall provide Tenant's Personal Property at Tenant's sole cost and expense.

**1.65 "Term"** means the period beginning on the Effective Date and ending on the Expiration Date.

**1.66 "Trustee"** means a national bank or other financial institution with trust powers selected by Landlord to serve as the bond trustee under the Indenture or any duly authorized successor thereto appointed pursuant to the Indenture.

**1.67 "Utilities"** means all utilities and services furnished to the Premises, after the Commencement Date including without limitation, gas, electricity, water, sewer, garbage collection, and telephone service.

**2. Premises.** Landlord leases to Tenant and Tenant leases from Landlord the Premises for the Term. Tenant shall not, however, be entitled to occupy the Premises until the date of Substantial Completion of the Project.

**3. Term.** The Term shall commence on the Effective Date and shall expire on the Expiration Date; provided, however, that the right of Tenant to occupy the Premises shall not commence until the Commencement Date. Notwithstanding that the right of Tenant to occupy the Premises shall not commence until the Commencement Date, all of the other terms and provisions of this Lease shall be effective from and after the Effective Date (except as otherwise provided herein, such as provisions related to Tenant's obligation to pay Rent and to procure insurance).

**4. Monthly Rent; Conveyance of Premises.**

**4.1 Obligation to Pay Monthly Rent.** Regardless of whether the Commencement Date has occurred, Tenant shall pay the Monthly Rent to the Trustee at the Trustee's address set forth in Section 32.7 and without deduction, offset, prior notice or demand, in advance on the Rent Commencement Date and thereafter on the 25th day of the month immediately prior to the month for which Monthly Rent is due, throughout the Term; provided, that Tenant may elect to offset against its obligation to pay Monthly Rent amounts in the Capitalized Interest Fund held by Trustee, including any amounts transferred to the Principal Account under Section 4.03 of the Indenture, and that, as of the due date of any such payment of Monthly Rent, are available to pay principal of and/or interest on the Bonds, all to the extent permitted under the Indenture. Tenant acknowledges that time is of the essence in payment of Monthly Rent since Landlord intends to use Monthly Rent to make principal and interest payments on the Bonds.

**4.2 Defeasance.** In the event that money and/or "Government Obligations," as such obligations are now or may hereafter be defined in the Indenture, maturing at such time or times and bearing interest to be earned thereon in amounts sufficient to pay or prepay all Monthly Rent then due under this Lease in accordance with the terms of this Lease, are irrevocably set aside and pledged in a special account created pursuant to the requirements of the Indenture to effect such payment or prepayment and defeasance of the Bonds, then upon such pledge, and provided that Tenant has fulfilled all other obligations under this Lease, including payment of any Additional Rent then due, Landlord shall convey the Premises to Tenant, this Lease shall automatically terminate, no further payments need be made of any Rent under this Lease and Landlord shall not be entitled to any lien, benefit or security in the Premises, except the right to receive the funds so set aside and pledged, and neither Landlord nor Tenant shall have any further obligation to the other hereunder. Landlord shall apply such prepaid Monthly Rent to the defeasance or redemption of Bonds in accordance with the Indenture.

**4.3 Options to Prepay Rent and Purchase Premises; Conveyance of Title.**

(a) **Option to Purchase.** Provided that Tenant is not in default under this Lease (but excluding the resolution of any disputed amounts pursuant to Section 4.3(f) below), Tenant shall have the option to purchase the Premises and thereby terminate this Lease at any time on or after [July 1], 20[21]. The purchase price of the Premises shall be an amount



equal to the total outstanding principal components of Monthly Rent set forth on **EXHIBIT B**, plus interest accrued thereon to the date of prepayment at the applicable rate(s) set forth on the attached **EXHIBIT B**, plus an option exercise fee of One Dollar (\$1.00), plus the amount, if any, required to fully defease the outstanding Bonds under the Indenture.

(b) **Exercise of Option.** Tenant shall give Landlord not less than forty-five (45) days' prior written notice of its irrevocable election to exercise its option to purchase under Section 4.3(a) in the form set forth on the attached **EXHIBIT G**. Within fifteen (15) days thereafter and in accordance with Section 4.3(f) hereof, Landlord shall provide Tenant with an accounting of the amounts necessary to complete the purchase on the date set forth in such notice. The purchase price shall be paid in cash or same-day available funds by 12:00 noon Pacific Time on the payment date specified in such notice (or such other earlier date as Tenant and Landlord may mutually agree).

(c) **Option to Partially Prepay Lease.** Tenant shall have the option to partially prepay the principal component of Monthly Rent, in \$\_\_\_\_\_ increments for periods to be determined by Tenant (as represented by the principal components of Monthly Rent due each year as set forth on the attached **EXHIBIT B**). Notice of Tenant's intent to prepay shall be given to Landlord in writing not less than forty-five (45) days in advance of the intended prepayment date. Such prepayment may be at any time on or after [July 1], 20[21]. The notice of partial prepayment shall be substantially in the form set forth on the attached **EXHIBIT H**. By 10:00 a.m. Pacific Time on the date set for such prepayment, Tenant shall pay to Trustee in cash or same-day available funds, an amount equal to the principal component of Monthly Rent to be prepaid, together with interest thereon to the date of prepayment, with instructions that such funds shall be used to optionally redeem Bonds. Upon such prepayment, **EXHIBIT B** attached hereto shall be amended to reflect the reduction in Monthly Rent resulting from such prepayment.

(d) **Defeasance of a Portion of Bonds.** Tenant shall have the option to have Landlord defease a portion of the Bonds in accordance with the applicable requirements of the Indenture. Upon written notice from Tenant and deposit by Tenant with Trustee of funds sufficient to accomplish the defeasance in accordance with the Indenture, Landlord shall take all reasonable steps in an expedited manner to effect such defeasance. Tenant shall be responsible for paying all costs associated with the defeasance. Upon such defeasance, **EXHIBIT B** attached hereto shall be amended to reflect the reduction in Monthly Rent resulting from such defeasance.

(e) **No Requirement to Purchase.** Nothing herein shall be construed to require Tenant to exercise the purchase option herein granted.

(f) **Disputed Amounts.** Within fifteen (15) days of its receipt of the notice under Section 4.3(b), Landlord shall provide Tenant with an accounting of all Additional Rent then due and expected to be due on the purchase date set forth in the notice. Such accounting shall also include the amounts of money currently in any Capital Repairs Fund or other reserve account, and specifically itemize amounts in those accounts allocated to work already performed, and contracted to be performed. If Tenant does not dispute such accounting, Tenant shall pay all such Additional Rent and other amounts due and owing on the purchase date. If Tenant disputes the amounts set forth in the accounting provided by Landlord and an

agreement cannot be reached within twenty (20) days of receipt of the accounting, then Tenant shall pay all undisputed amounts on the purchase date, and any amounts remaining in dispute are not waived by Landlord, and, notwithstanding the conveyance of the Premises, Landlord may seek those amounts per the Dispute Resolution Procedure in **EXHIBIT F**. It is contemplated that amounts remaining in controversy, if any, will relate to Additional Rent, including but not limited to operating costs, capital costs, prorations of expenses, Landlord management fees, capital expenditures, reserve accounts, ongoing or estimated expenses. Amounts paid by Tenant to defease the Bonds and cause conveyance of the Premises shall be used only for that purpose and shall not be first applied to Additional Rent. Payment may, to the extent permitted by the Indenture, be partially made by demand to use amounts remaining in any operating, capital, or replacement reserve accounts not already allocated to work actually performed or equipment purchased.

**4.4 Conveyance of Premises.** Landlord shall convey to Tenant unencumbered title to the Premises without recourse or warranty (except warranties provided by Contractors and their equipment suppliers) and in its then condition, upon (i) the termination of this Lease, as a result of the full payment and retirement or defeasance of all outstanding Bonds pursuant to the terms of the Indenture and (ii) discharge of the Indenture. The deed by which Landlord conveys the Premises to Tenant may list as exceptions all covenants, conditions and restrictions then recorded against the Premises so long as such exceptions: (i) were approved by Tenant prior to the Commencement Date; (ii) consist of non-delinquent real estate taxes and assessments or (iii) arise by reason of Tenant's activities. Tenant shall pay the cost for any owner's policy of title insurance it elects to obtain in connection with such conveyance. Landlord shall not be required to make any representations regarding the conditions of the Premises and Tenant agrees to accept the Premises in an "as is" condition. Upon conveyance, maintenance records, management records and records of contracts and payments with vendors for the entire Lease period shall be made available to Tenant, or transferred into the Tenant's possession. Complete transfer of records is not required until disputes, if any, are resolved.

**4.5 Covenant to Budget for Rent.** Tenant hereby covenants that it will include in each of its annual or biennial budgets the amounts necessary to make Monthly Rent payments hereunder.

**4.6 Covenant to Comply with HUD Waiver.** Tenant hereby represents that it has received a waiver from the U.S. Department of Housing and Urban Development, Office of Community Planning and Development, with respect to applicable Community Development Block Grant ("CDBG") and HOME program regulations at 24 C.F.R. § 570.206(a)(4) and 92.207(a)(4) with respect to the use of program funds for long-term acquisition financing. Tenant further represents that approval of the waiver allows Tenant to use CDBG and HOME funds for payment of Rent hereunder. HUD's waiver is subject to certain limitations and conditions as set forth in a February 17, 2011 letter from HUD to Tenant and Tenant hereby covenants that it shall throughout the Term of this Lease do all things lawfully permissible to comply with such conditions and limitations.

## 5. Additional Rent; Payment of Operating Costs and Capital Costs.

**5.1 Absolute Net Lease.** Tenant acknowledges that this Lease is an absolute net lease. From and after the Commencement Date, Landlord shall provide for and Tenant shall pay (i) all Operating Costs in accordance with Section 5.7 and (ii) Capital Expenditures made in accordance with Section 5.11. Prior to the Commencement Date, all Operating Costs relating to the Premises shall be paid by Landlord or as otherwise provided by the Development Agreement.

**5.2 Operating Costs.** Tenant shall pay as Additional Rent amounts sufficient to pay or reimburse Landlord for all Operating Costs incurred by Landlord pursuant to an Annual Operating Budget approved by Tenant pursuant to Section 5.7. In consideration of Tenant's payment of the Operating Costs, Landlord shall at all times use its best efforts to operate the Premises in an economically reasonable manner and control such Operating Costs in accordance with reasonable commercial standards prevailing in the market place for comparable premises. Operating Costs means any and all costs and expenses directly related to ownership, operation and maintenance of the Premises in connection with the following, in each case excluding costs described in Section 5.3:

(a) the repair, replacement (other than capital repairs and replacement), operation, and maintenance of the Premises, including, without limitation, interior and exterior maintenance, all exterior doors and windows, elevators, sidewalks, driveways, dock or pier, interior perimeter and interior partition walls and finishes (including periodic painting thereof), exterior wall finishes, broken glass in exterior and interior doors and windows, roof, floor covering, window frames, gutters and downspouts, HVAC system, landscaping and all other areas used in connection with the Premises;

(b) the Asset Management Fee payable to Landlord pursuant to Section 10.2(d);

(c) the commercially reasonable property management fees paid to the entity managing the Premises under any property management contract entered into pursuant to, and terminable in accordance with, Section 10.2(b);

(d) the auditing fees incurred by Landlord in connection with the preparation of the financial statements required under Section 10.2(c);

(e) all costs of services provided by third parties (i.e., service providers other than Landlord) and benefiting the Premises; provided, however, that Landlord shall be required to obtain services at rates generally competitive in the marketplace. Such services shall include janitorial, security, gardening, and landscaping, together with related costs and expenses, licenses, permits, and inspection fees, the cost of supplies, materials, equipment, and tools used in connection therewith;

(f) Utilities until such time as the account for any such Utility is established in the name of Tenant with Tenant's Concurrence pursuant to Section 6;

(g) Taxes;

- (h) any damage to the Premises (but not to Tenant's Personal Property) caused by breaking and entering or other criminal act and not covered by insurance;
- (i) all costs of compliance with governmental laws or the board of fire underwriters (or similar organization) now or hereafter constituted as applicable to the Premises;
- (j) all insurance premiums for insurance required to be carried under this Lease (including loss of rent insurance);
- (k) amounts necessary to fund or restore any operating, replacement or other operating reserve in an amount as may be agreed by Landlord and Tenant;
- (l) the amount of any deductible payable under any insurance policy described herein as a result of repairs or replacements attributable to fire or other casualty;
- (m) following Final Acceptance, all attorneys' fees and other costs incurred by Landlord in efforts to enforce the provisions of the Development Agreement and/or the General Construction Contract as approved by Tenant, to enforce product or workmanship warranties given by Developer, General Contractor or other Contractors or suppliers of equipment or materials (unless Tenant desires that Landlord instead assign such warranties to Tenant in accordance with Section 5.8), but only to the extent that such costs have not been paid from the Project Contingency or reimbursed by or recovered from Developer, General Contractor, any other Contractor or any other party who may be obligated to Landlord;
- (n) Administrative Fees and Expenses, any Rebatable Arbitrage payable with respect to the Bonds (as defined in the Indenture), and costs payable in connection with any prepayment of Monthly Rent and any defeasance or redemption of the Bonds; and
- (o) all other costs reasonably incurred by Landlord in connection with the ownership, maintenance, and upkeep of the Premises in order to: (i) prevent any dangerous or unsafe condition on the Premises that could result in liability to Landlord or its officers, employees, directors, or other agents or (ii) comply fully with and to avoid or to cure any default under the Indenture, Mortgage and other documents relating to the Bonds and all Requirements of Law.

**5.3 Exclusions from Operating Costs.** Operating Costs shall exclude:

- (a) Project Costs;
- (b) Utilities except to the extent otherwise provided in Section 5.2(f);
- (c) political or charitable contributions made by Landlord;
- (d) fines, penalties and interest penalties incurred as a result of Landlord's negligence or unwillingness to make payments when due or take such other actions as may be required;

(e) legal fees, accountant's fees and other expenses incurred in connection with (i) disputes with Tenant or associated with the interpretation of the terms of this Lease (unless Tenant is otherwise required to pay such fees and expenses pursuant to Section 29 of this Lease) or (ii) legal proceedings arising out of Landlord's violation of the terms of this Lease;

(f) costs of any service provided to Tenant for which Landlord is reimbursed, or any other expense for which Landlord is or will be reimbursed by another source (i.e., expenses covered by insurance or warranties or the proceeds of any condemnation) or expenses which would be reimbursed if the Landlord maintained the insurance coverage required by Section 14;

(g) fees to Landlord for goods or services in excess of the fees that would typically be charged by unrelated, independent persons or entities for similar goods and services;

(h) repairs or replacements made to rectify or correct any latent defect(s) in the original design, materials or workmanship of the Project, as originally constructed, to the extent of and in the amount that the cost of such repairs or replacements are paid to Landlord (i) from the Project Contingency or (ii) by reimbursement or other recovery from Developer, General Contractor, any other Contractor, or any other party who may be obligated to Landlord to pay or reimburse for such repairs, including, but not limited to, warranty claims;

(i) repairs or replacements necessitated by the negligence or willful misconduct of Landlord, Landlord's employees, contractors or agents;

(j) repairs or replacements attributable to fire or other casualty to the extent covered by the proceeds of insurance required by Section 14;

(k) notwithstanding Section 5.2(f), any Utilities directly related to the completion of the Project following Substantial Completion of the Project in an amount determined by Landlord in the exercise of its reasonable discretion if not otherwise metered, all of which shall be payable as part of the Project Costs;

(l) any cost of repair, replacement, operation and/or maintenance of the Premises incurred as a direct result of the ongoing construction of the Project following Substantial Completion of the Project, all of which shall be payable as part of the Project Costs;

(m) Capital Expenditures;

(n) depreciation or amortization;

(o) debt service on loans with respect to the Premises not approved by Tenant;

(p) damages recoverable by Tenant due to violation by Landlord of any of the terms and conditions of this Lease;

(q) Except for the Asset Management Fee, Landlord's general corporate overhead and general administrative expenses not related to the operation of the Premises and all compensation to executives, officers or partners of Landlord or to any other person at or above the level of building manager, other than the building manager of the Premises (if any); and

(r) Costs associated with the operation of the business of the Landlord as the same are distinguished from the costs of operation of the Premises, including accounting and legal matters, costs of defending any lawsuits with any lender or any employee or vendor of Landlord that do not properly arise from Landlord's operation of the Premises.

**5.4 Payment of Taxes by Landlord.** Landlord shall be liable for Taxes that accrue from and after the Effective Date. Landlord shall pay all Taxes directly to the applicable governmental agency prior to delinquency and shall provide proof of such payment promptly to Tenant. To the extent Taxes or other charges can be paid in installments, Landlord may pay such Taxes in installments. With respect to any general or special assessments which may be levied against or upon the Premises, or which under the Laws then in force may be evidenced by improvement or other bonds or may be paid in annual installments, only the amount of such annual installment, and interest due thereon, shall be included within the computation of Taxes.

**5.5 Real Property Tax Statements.** Landlord shall make appropriate arrangements to receive directly from the applicable governmental agency assessment notices and real property tax statements for the current year and shall provide a copy thereof promptly to Tenant.

**5.6 Right to Contest Taxes.** If Landlord receives prior notice that an appraisal of the Premises, or any portion thereof, will be conducted for real property tax purposes, Landlord shall so notify Tenant and permit Tenant to be present during such appraisal if Tenant so elects. Tenant shall have the right in Landlord's name and stead, and at Tenant's sole expense, to contest the validity or amount of any real property taxes provided all such taxes are paid when and as due. Landlord shall cooperate with Tenant and provide reasonable assistance with respect to any such contest, including, without limitation, such information and supporting documents as may be reasonably requested by Tenant. Notwithstanding any provision of this Lease to the contrary, Tenant shall not be required, nor shall Landlord have the right, to pay, discharge or remove any such real property tax so long as no Event of Default has occurred and Tenant is contesting the existence, amount, applicability or validity thereof by appropriate proceedings conducted in good faith with due diligence. In the event Landlord shall obtain a tax refund as a result of any such tax appeal or other proceedings Tenant shall be entitled to, and Landlord shall promptly pay to Tenant, all such tax refunds.

**5.7 Payment of Operating Costs.** From and after the Commencement Date Tenant shall pay the Operating Costs to Landlord in the following manner:

(a) **Annual Operating Budget.** Landlord shall develop an annual operating budget ("Annual Operating Budget") for the Premises and shall submit a copy of such Budget to Tenant no later than ninety (90) days prior to the anticipated Commencement Date and the commencement of each Calendar Year thereafter for review and written approval by Tenant

for the purpose of determining the amount of estimated Operating Costs expected to be incurred in connection with the Premises for the upcoming Calendar Year. If Tenant does not approve the proposed Annual Operating Budget and Tenant and Landlord are unable to agree upon an Annual Operating Budget by the thirtieth (30th) day prior to the commencement of the following Calendar Year, Landlord and Tenant will resolve the dispute per **EXHIBIT F**. Until such time as such dispute is resolved, Tenant shall continue to pay Operating Costs in accordance with the previously approved Annual Operating Budget.

(b) **Payment as Additional Rent.** Following the Commencement Date, Tenant shall pay monthly, as Additional Rent, on the same day of each month during the Term as Monthly Rent is due, an amount equal to one-twelfth ( $\frac{1}{12}$ ) of the Operating Costs for each Calendar Year as reasonably estimated by Landlord and set forth in the Annual Operating Budget; provided, however, that the portion of Additional Rent representing Administrative Fees and Expenses and the Capital Repair Reserve Payment shall be paid by Tenant directly to the Trustee, to be held and applied as provided in the Indenture.

(c) **Tenant Review.** Operating Costs shall be subject to Tenant's review, and Tenant shall have the right to object to (i) any cost or expense which exceeds the prevailing price for such goods or services in the market; (ii) any cost or expense which has been improperly included under Section 5.2; or (iii) the failure of the Landlord to include costs or expenses for goods or services which Landlord is obligated to provide under this Lease.

(d) **Reconciliation.** Within ninety (90) days after the end of each Calendar Year occurring during the Term (or, if applicable, the Expiration Date), Landlord shall furnish to Tenant a reconciliation statement of the actual Operating Costs for the preceding Calendar Year and Tenant's actual payment of Operating Costs based upon the parties' approved Annual Operating Budget. The reconciliation statement shall be prepared, signed and certified to be correct by Landlord. If the actual Operating Costs for that Calendar Year exceed the monthly payments of estimated Operating Costs made by Tenant, Tenant shall pay Landlord the deficiency within thirty (30) days after receipt of the reconciliation statement. If Tenant's payments of estimated Operating Costs made during that Calendar Year exceed the actual Operating Costs, the excess shall be credited by Landlord to the Additional Rent next due and payable; provided, however, that such excess sum which is more than three (3) months of then estimated Operating Costs shall be paid to Tenant in cash via Landlord's check within thirty (30) days after the date of the reconciliation statement. Any excess Operating Costs returned or credited to Tenant shall include a return of the Asset Management Fee included as part of those excess Operating Costs.

**5.8 Warranties.** During the Term, Landlord shall exert its good faith and diligent efforts to enforce any and all applicable warranties, express or implied, in connection with defects which may arise in the original design, materials or workmanship of the Premises as originally constructed. Landlord shall assess maintenance, repairs, and replacements for potential warranty coverage and comply with warranty requirements, including but not limited to notices to the warrantor and requests for warranty service. Prior to Final Acceptance, costs incurred by Landlord in enforcing any such warranties shall be deemed a Project Cost and not payable by Tenant. Thereafter, costs incurred by Landlord to enforce any warranties shall be an Operating Expense, subject to the provisions of Section 5.2(m). Notwithstanding the foregoing,

following Final Acceptance, Tenant may require Landlord to assign any such warranties to Tenant and Tenant shall thereafter be responsible for enforcement of such warranties.

If Landlord fails to take actions reasonably requested by Tenant to enforce or otherwise obtain the benefit of any such warranty, Tenant shall have the right, but not the obligation, to perform required work and shall have the right to be reimbursed by Landlord for the sum it actually expends in the performance of such work. If Landlord does not reimburse Tenant within thirty (30) days after demand from Tenant, Tenant shall have the right to pursue any and all remedies available at law or equity except that Tenant shall have no right to offset against Monthly Rent payable under this Lease.

**5.9 Proration.** Operating Costs for any partial month during the Term shall be prorated on a daily basis at the rate of one-thirtieth ( $\frac{1}{30}$ ) of the Operating Costs for that month.

**5.10 Right to Audit.** Each Calendar Year, within that period expiring ninety (90) days after Tenant's receipt of the reconciliation statement provided under Section 5.7, Tenant shall have the right to audit Landlord's books and records pertaining to the accuracy of the computation of Operating Costs. Copies of such audit shall be delivered to Landlord and Trustee. If, after consultation with Landlord to determine such accuracy, any such audit, conducted in accordance with generally accepted accounting principles, reveals a discrepancy between Landlord's statement of the actual Operating Costs for a Calendar Year and the amount determined by such audit, then Landlord shall reimburse to Tenant the excess amount paid by Tenant (or Tenant shall pay to Landlord the deficiency), if any; and, if such discrepancy exceeds three percent (3%) or more, Landlord shall pay for the cost of such audit.

Tenant shall also have the right either before or after Final Acceptance to cause Landlord to undertake an audit of the books and records of Developer, or any Project contractor in accordance with Section 19 of the Development Agreement, in a method and at a budget approved by Tenant, and to submit the results of any such audit to Tenant. Similarly, Tenant shall have the right to cause Landlord to undertake an audit of the books and records of the property manager for the Project in accordance with the provisions of the agreement entered into between Landlord and such property manager. Costs incurred by Landlord in connection with any such audit shall be reimbursed by Tenant except to the extent otherwise reimbursed under Section 19 of the Development Agreement.

**5.11 Annual Capital Repair Reserve Payment.** Following the Commencement Date and on the same day as Monthly Rent is due, Tenant shall pay to Trustee each month, as Additional Rent, one-twelfth ( $\frac{1}{12}$ ) of the Annual Capital Repair Reserve Payment which has been established for the Premises. The Annual Capital Repair Reserve Payment shall be deposited by Trustee in the Capital Repairs Fund. The Annual Capital Repair Reserve Payment for the Premises for the first five (5) calendar years following the Commencement Date is \$65,000 per year, but such amount is reviewable annually and is subject to revision by mutual agreement of Landlord and Tenant. The annual payment for the initial year shall be prorated for any partial year.

On January 1 of the sixth (6th) calendar year following the Commencement Date and on the first day of each and every month thereafter during the Term, Tenant shall pay to Trustee



each month, as Additional Rent, one-twelfth ( $\frac{1}{12}$ ) of the Annual Capital Repair Reserve Payment set forth in the Approved Work Plan for the Premises (as defined and described below). The Approved Work Plan for the Premises and the amount of the Annual Capital Repair Reserve Payment shall be re-determined every five (5) calendar years following the Commencement Date utilizing the procedures set forth in Section 5.11(a).

Landlord shall provide Trustee with written notice of the amount of each Annual Capital Repair Reserve Payment to be made by Tenant hereunder, including any modification of the initial Annual Capital Repair Reserve Payment, as soon as practicable after each calculation thereof but in no event later than the Commencement Date and each January 1 thereafter. A copy of each such notice shall be provided to Tenant, and the Trustee shall be entitled to rely on the calculation set forth therein without independent investigation or verification.

(a) **Calculation of Annual Capital Repair Reserve Payment and Disbursements.** For the sixth (6th) calendar year following the Commencement Date and each calendar year thereafter, the Annual Capital Repair Reserve Payment shall be determined in accordance with the following procedure: on or before September 1 of the fifth (5th) calendar year following the Commencement Date, and every fifth (5th) September 1 thereafter, Landlord shall, following consultation with Tenant, retain an independent qualified structural engineering firm with at least five (5) years of experience inspecting buildings comparable to the Premises in the greater Los Angeles metropolitan area or other qualified construction professional mutually acceptable to Landlord and Tenant with comparable levels of expertise (“Inspecting Engineer”) to conduct a physical inspection of the condition of the Premises (including all major building systems). Any contract for such services must specifically be transferrable to Tenant upon conveyance of the Premises, and terminable by the Tenant by written notice within forty-five (45) days of conveyance of the Premises without other cause.

Within thirty (30) days following such inspection, the Inspecting Engineer shall deliver a copy of its report (“Inspection Report”) to Landlord and Tenant, including a description of what Capital Expenditures, if any, need to be made to the Premises through the stated maturity date of the Bonds in order to maintain the Premises in substantially its present condition and state of repair as of Final Acceptance, normal wear and tear excepted (which may include recommendation for periodic maintenance or other preventive measures which should be taken to minimize Capital Expenditures and otherwise maintain the Premises in an economic and cost-effective manner), a recommended schedule of Capital Expenditures to be made during the next ten (10) year period, and cost estimates to implement such schedule.

Landlord, or Landlord’s property manager, shall consult with Tenant to determine a proposed capital expenditure work plan (“Proposed Capital Expenditure Work Plan”) based upon the Inspection Report and taking into account amounts already on deposit in the Capital Repairs Fund. Tenant shall not be required to make payments into a reserve for Capital Expenditures which do not need to be completed within the next ten (10) years unless the Tenant agrees otherwise. Disputes between Landlord and Tenant regarding the Proposed Capital Expenditure Work Plan shall be resolved by the independent dispute mediation process set forth in Section 5.11(c), and the Work Plan so approved by the parties or resolved by the independent dispute mediation process shall be deemed the “Approved Work Plan” for the next five (5) year period.

Landlord, or Landlord's property manager, shall from time to time as required by the Approved Work Plan prepare requests for disbursements from the Capital Repairs Fund for submission to the Trustee in accordance with Section 4.15 of the Indenture. Such requests shall be signed by both Landlord and Tenant. Disbursements made from the Capital Repairs Fund by Trustee pursuant to any such written request shall be presumed to be made properly and the Trustee shall not be required to verify (i) the propriety of any Capital Expenditure, (ii) the application of any disbursement made from the Capital Repairs Fund, (iii) the compliance of any party with any Approved Work Plan, (iv) the accuracy of any calculation of the Annual Capital Repair Reserve Requirement or (v) the purpose of any disbursement from the Capital Repairs Fund.

(b) **Definition of Capital Expenditure.** For purposes of this Lease, "Capital Expenditure" is defined as (i) the acquisition of a prior non-existing asset or the repair or replacement of a pre-existing asset; (ii) not characterized as an operating cost or expense under generally accepted accounting principles, (iii) which maintains the value of the Premises over its usual life and is permanently affixed to the real estate, and (iv) does not include personal property, or removable trade fixtures. The cost of a Capital Expenditure shall include construction and project management fees payable to Landlord and Landlord's property manager as determined by Landlord and agreed to by Tenant in writing based upon the complexity of the Capital Expenditure project but not less than one percent (1%) and not to exceed a total of five percent (5%) of the hard construction costs associated with the Capital Expenditure. For reference, projects consisting of a purchase and installation by a single vendor, without separate design costs or other contractors may have a lower construction and project management fee; projects requiring several contractors, special inspections, round the clock access, coordination with existing service providers, other contractors, or design professionals may have a higher construction management fee. As defined in Section 1.5, Asset Management Fees shall not be assessed on payments into the Capital Repairs Fund. The acquisition of a prior non-existing asset requested by Tenant that is not part of the Approved Work Plan shall be paid for by Tenant as a tenant improvement at the time of such acquisition unless Landlord and Tenant agree that the acquisition of such asset can be paid for out of funds on deposit in the Capital Repairs Fund.

(c) **Mediation of Disputes.** Landlord and Tenant agree to follow the independent dispute mediation process set forth in the attached **EXHIBIT F** to attempt to resolve disputes regarding the Proposed Capital Expenditure Work Plan in an economic and time efficient manner and without resorting to litigation so that the Proposed Capital Expenditure Work Plan conforms to the requirements of this Lease and any Capital Expenditures made to the Building are made in a cost-effective, appropriate and timely manner so as to maintain the Building in not less than substantially its condition and repair as of Final Acceptance, normal wear and tear excepted; provided, however, Tenant shall not be required to make payments into the Capital Repairs Fund for Capital Expenditures which do not need to be made during the next ten (10) years unless the Tenant agrees otherwise.

(d) **Remaining Balance of Capital Repairs Fund.** Any balance remaining in the Capital Repairs Fund not specifically allocated to Capital Expenditures in progress or already completed at the time of conveyance of the Premises to Tenant pursuant to Section 4.3 and/or 4.4 will be, at the Tenant's option, and in accordance with the Indenture,

returned to Tenant within forty-five (45) days by either the Landlord or Trustee; or used to accomplish the conveyance of the Premises; or used for defeasance of the Bonds.

**6. Utilities.** Landlord shall be solely responsible for and shall pay for all charges for Utilities used or consumed in the Premises from the Effective Date until the Commencement Date, Landlord shall make any necessary arrangements to have all such Utilities billed directly to and paid for directly by Landlord during this time. Upon written notice from Tenant following the Commencement Date, Landlord shall arrange for the transfer of any specified Utility account into Tenant's name. Thereafter, Tenant shall be responsible for and shall pay for all charges for such Utility or Utilities used or consumed on the Premises. Notwithstanding anything to the contrary herein, until Substantial Completion of the Project has occurred, Landlord shall be solely responsible for and shall pay for all charges for Utilities used or consumed in the Premises.

**7. Use.** Tenant intends to use the Premises for the Permitted Use. Any sublease by Tenant to private persons as defined in the Code shall require that Landlord, Trustee and Tenant receive an opinion of nationally recognized bond counsel that any such sublease will not adversely affect the tax-exempt status of interest payable on the Bonds. Furthermore, no such sublease shall adversely affect the status of Landlord as a 501(c)(3) organization as defined in the Code. Tenant has determined to its satisfaction that the Premises can be used for the Permitted Use. Tenant's use of the Premises shall be in accordance with the following:

**7.1 No Insurance Cancellation.** Tenant shall not do, bring, or keep anything in or about the Premises that will cause a cancellation of any insurance covering the Premises.

**7.2 Compliance with Laws.** From and after the Commencement Date, Tenant shall comply with all Laws concerning the Premises and Tenant's use of the Premises, including without limitation, Environmental Laws. Tenant shall not use the Premises for the transportation, storage or generation of any Hazardous Substances in violation of Environmental Laws. From and after the Commencement Date, and to the extent permitted by law, Tenant shall absolutely and indemnify, defend and hold Landlord harmless from and against any and all debts, demands, obligations, liens, judgments, claims, liabilities, losses, damages, cleanup costs and expenses (including reasonable attorneys' fees) now or hereafter arising in connection with the presence, transportation, storage, disposal or handling of Hazardous Substances located in, on or about the Premises or Land which are proven to be caused by or resulting from the actions of Tenant, its agents or employees after the Commencement Date, excluding (a) any Hazardous Substances present on the Land or the Premises prior to the Commencement Date or which migrate onto the Land from property not owned by Tenant through no act or omission of Tenant; (b) any such debt, demand, obligation, lien, judgment, claim, liability, loss, damage, cleanup cost or expense resulting from the actions or omissions of Landlord, Developer, General Contractor and their respective agents, employees, contractors, subcontractors or invitees; or (c) any debt, demand, obligation, lien, judgment, claim, liability, loss, damage, cleanup cost or expense as a result of Landlord's violation of any contractual obligation under this Lease, the Indenture, or any other document executed by Landlord in connection with a Mortgage incurred in connection with Section 11. This indemnification shall survive the Expiration Date.

**7.3 No Waste, Nuisance or Damage.** Tenant shall not use the Premises in any manner that will constitute waste of the Premises or nuisance and Tenant shall not do anything on the Premises that will cause damage to the Premises.

**7.4 Tax Covenants.** At all times from and after the Effective Date, Landlord (a) shall maintain its purposes and engage only in activities which are in furtherance of its purposes and which are permitted by the California Nonprofit Public Benefit Corporation Law; (b) will maintain its status as a nonprofit corporation and as an organization described in Section 501(c)(3) of the Code whose income does not inure to the benefit of any private person; (c) shall not encumber, pledge, hypothecate or grant a security interest in all or any part of the Premises (except for the Indenture and the Mortgage which comply with the provisions of Section 11) or except as consented to by Tenant and Trustee in writing; (d) shall not engage in any activities related to the Premises or the Mortgage (except those specifically set forth in Sections 9 and 11) which would cause the transaction contemplated under this Lease to constitute an unrelated trade or business determined by applying Section 513(a) of the Code; and (e) will not take any action or omit to take any action which, if taken or omitted, would adversely affect the tax-exempt status of interest payable on the Bonds. At all times during the Term, Landlord shall not assign its rights under this Lease (except to Trustee pursuant to the Indenture and the Mortgage) without the prior written consent of Tenant and Trustee and the opinion of nationally recognized bond counsel to the effect that such assignment will not adversely affect the tax-exempt status of interest payable on the Bonds. Such consent shall not be unreasonably denied. At all times from and after the Effective Date, Tenant covenants that it will not take any action or omit to take any action which, if taken or omitted, would adversely affect the tax-exempt status of interest payable on the Bonds.

## **8. Liens.**

**8.1 Covenant Against Liens.** Except for the Indenture and the Mortgage incurred by Landlord in compliance with the provision of Section 11 to secure the Bonds, Landlord covenants and agrees that it shall not during the Term suffer or permit any Liens to be attached to, upon or against the Premises, or any portion thereof or any Rent payable under this Lease for any reason, including without limitation, Liens arising out of the possession, use, occupancy, acquisition, construction, repair, or rebuilding of the Premises or by reason of the furnishing of labor, services, materials, or equipment to the Premises or to Landlord. Tenant acknowledges that Landlord shall cause Developer to keep the Premises free and clear of all construction liens resulting from the construction of the Project (including the right to contest same by appropriate proceedings conducted in good faith with due diligence) under the terms of the Development Agreement prior to the Commencement Date. If Developer shall fail to do so, Landlord shall protect, defend, indemnify and hold Tenant harmless against any such liens. Landlord agrees to indemnify, protect, defend and hold Tenant harmless from and against all liabilities, losses, damages, expenses and costs (including reasonable attorneys' fees and costs) incurred in connection with any such Lien. Landlord's obligations pursuant to this Section 8.1 shall survive the Expiration Date. Tenant covenants and agrees that, from and after the Commencement Date, it shall not during the Term suffer or permit any Liens to be attached to, upon or against the Premises, or any portion thereof or its leasehold interest in the Premises for any reason, including without limitation, Liens arising out of the possession, use, occupancy,

acquisition, maintenance, operation, repair, or rebuilding of the Premises or by reason of the furnishing of labor, services, materials, or equipment to the Premises or to Tenant.

**8.2 Covenant to Remove Liens.** Landlord will promptly, and in all events within thirty (30) days following the attachment of same, remove and discharge any and all Liens which attach to, upon or against the Premises or any portion thereof, or any leasehold interest of Tenant created under this Lease (other than liens or encumbrances arising through the actions of Tenant). Landlord reserves the right to contest the validity or amount of any such Lien in good faith provided that, within thirty (30) days after the filing of such Lien, Landlord discharges such Lien of record or records a bond which complies with the requirements of applicable law eliminating such Lien as an encumbrance against the Premises. In the event Landlord shall fail to so remove any such Lien, Tenant may take such action as Tenant shall reasonably determine to remove such Lien and all costs and expenses incurred by Tenant including, without limitation, amounts paid in good faith settlement of such Lien and attorneys' fees and costs shall be paid by Landlord to Tenant together with interest thereon at the rate of twelve percent (12%) interest per annum from the date advanced until paid. Landlord's obligations pursuant to this Section 8.2 shall survive the Expiration Date and, unless properly incurred under other provisions of this Lease, the costs of such obligations shall not be included as Operating Costs hereunder.

**8.3 Tenant's Disclaimer.** Notwithstanding the consent or request of Tenant, express or implied, for the performance of any labor or services or for the furnishing of any materials or equipment for any construction, alteration, addition, repair or demolition of or to the Premises (or any part thereof), Landlord and Tenant agree and notice is hereby given that Tenant will not be liable for any labor, services, materials or equipment furnished or to be furnished to landlord, Developer or anyone holding an interest in the premises (or any part thereof) through or under landlord or Developer, and that no construction or other liens for any such labor, services, materials or equipment shall attach to or affect the interest of Tenant in the Premises. Nothing in this Section shall relieve Tenant of its obligation to pay Rent hereunder.

**9. Construction of Project.** Tenant would not have entered into this Lease but for the agreement by Landlord to undertake the Project, including without limitation (i) the obtaining of financing for the Project and (ii) the construction and equipping of the Premises for use by Tenant for the Permitted Use. It is of critical importance to Tenant that the construction of the Project be completed in a timely manner and within the Project Budget. Accordingly, Landlord shall diligently cause the Project to be designed, permitted and constructed in a good and workmanlike manner and delivered to Tenant Substantially Complete by September 1, 2012. Upon Final Acceptance, the Project shall be free of patent or latent defects, free and clear of all Liens and otherwise in accordance with the requirements of this Lease. In order to assure timely communications between Landlord and Tenant during the construction process, any notice to Tenant requiring or permitting a response by Tenant shall specify the outside date by which Tenant's response must be received to be effective.

**9.1 Development Agreement.** To meet the requirements of this Lease for completion of the Project, Landlord shall, simultaneously with the execution of this Lease by the parties, enter into the Development Agreement with Developer, that has received Tenant's Concurrence. Landlord shall also cause Developer to procure and maintain, at a minimum, for the duration of the Development Agreement, insurance as more particularly described in the

attached **EXHIBIT I**, against claims for injuries to persons or damages to property which may arise from, or in connection with, the performance of work pursuant to the Development Agreement by Developer, its agents, representatives, employees and/or subcontractors. The cost of such insurance shall be paid by the Developer or its subcontractors. The Development Agreement shall contain a third party beneficiary provision in accordance with Section 9.17 .

**9.2 Schedule for Design and Construction.** Landlord and Tenant acknowledge and agree that the dates set forth in the initial Project Schedule attached hereto as **EXHIBIT D** and by this reference incorporated herein, and as revised from time to time, with Tenant's Concurrence, shall serve as target dates for achieving the matters set forth therein. Landlord shall require Developer to agree that time is of the essence and Substantial Completion of the Project must occur by September 1, 2012 subject to Unavoidable Delays as defined the Development Agreement. In order to ensure to the greatest extent practicable that the Project is designed, permitted and completed on or before the dates set forth in the Project Schedule, Landlord and Tenant shall each proceed with all necessary due diligence and in good faith to complete such matters as require action or approval on the part of Tenant and Landlord. Landlord shall, following consultation with Tenant's Construction Representative, promptly and diligently respond to all questions and concerns raised by Developer or by the Architect, Contractors, engineers or other consultants.

(a) **Notices from Developer to Landlord.** To ensure that Tenant is fully apprised of decisions required of Landlord pursuant to the Development Agreement, Landlord shall require Developer to simultaneously provide to Tenant a copy of all notices, plans and specifications, change orders, Project Applications for Payment, progress reports, invoices, cash flow reports, documents or other agreements required to be delivered by Developer to Landlord under the Development Agreement and Landlord shall also simultaneously provide to Tenant a copy of all notices, plans and specifications, change orders, invoices, cash flow reports, documents or other agreements required to be delivered by Landlord to Developer under the Development Agreement. In addition, Tenant shall have the right, but not the obligation, to attend all meetings, including without limitation, design meetings with Developer, Architect, and all other design professionals as appropriate in the course of development of all Construction Documents.

(b) **Notices by Tenant to Landlord and Developer.** To ensure that Developer is fully apprised of Tenant's position on Project decisions to be made by Landlord, Tenant shall have the right to simultaneously provide to Developer a copy of any notice Tenant issues to Landlord hereunder. Such notice shall be sent to Developer at the following address by messenger or fax:

Trammell Crow So. Cal. Development, Inc.  
Attention: David Nazaryk  
4 Park Place, Suite 700  
Irvine, CA 92614  
Fax: 949.477.9107

(c) **Tenant's Construction Representative.** Landlord shall, and shall direct Developer to, direct all notices and submittals required to be sent to Tenant hereunder to the attention of Tenant's Construction Representative.

### 9.3 Plans and Specifications.

(a) **Preliminary Plans.** As of the date of this Lease, Tenant has reviewed and accepted the Project Requirements for the Project to be constructed on the Land, including the Preliminary Plans, a list of which is attached to this Lease as **EXHIBIT C**. In addition, Tenant has reviewed and accepted the Project Budget, which is attached as **EXHIBIT D-2**, which sets forth a detailed itemization by line item and category for all Project Costs.

(b) **Construction Drawings and Detailed Specifications.** Landlord will cause the preparation by Architect of Construction Drawings and Detailed Specifications for the Building and plans and specifications for Tenant Improvements, in each case for review and acceptance by Tenant. Landlord shall, following consultation with Tenant, cooperate in good faith with Developer to cause a completed design which meets all Requirements of Law and is consistent with all Project Requirements and the building quality reflected therein, in an amount not to exceed the Project Budget, as expeditiously as possible to ensure the Substantial Completion of the Project by September 1, 2012. Accordingly, as provided above, Developer will provide Tenant a copy of all submittals requiring Landlord's review and approval pursuant to the Development Agreement, as and when such submittals are provided to Landlord. Tenant shall only have the right to withhold Tenant's Concurrence to interim and final sets of such Construction Drawings and Detailed Specifications which (i) do not meet the Project Requirements, or (ii) do not comply with Requirements of Law, or (iii) do not comply with previous iterations of the Construction Drawings and Detailed Specifications in all material respects, or (iv) propose changes in work or materials that would result in a material change in appearance or diminution in quality of the Project. Tenant shall have the right to give notice to Landlord disapproving any such iterations of the Construction Drawings and Detailed Specifications and Landlord shall notify Developer in the manner and within the time period set forth in the Development Agreement. If Tenant fails to issue such notice within fifteen (15) days following its receipt of any such submittal, so as to allow Landlord to make timely objection or comment, such submittals shall be deemed to have received Tenant's Concurrence. The final Construction Drawings and Detailed Specifications setting forth in detail the requirements for the construction of the entire Project which have been approved by Landlord, with Tenant's Concurrence, are called the Construction Documents.

(c) **Factory Mutual Engineering Plan Review.** When and as specified in the Development Agreement, Landlord shall cause Developer to either (i) submit to Factory Mutual Engineering Association ("Factory Mutual"), for its review, plans of all elements of the Project's design and construction or (ii) demonstrate to Landlord's reasonable satisfaction that such plans meet requirements established by Factory Mutual for projects comparable to the Project.

(d) **Changes to Construction Documents.** Landlord has directed that Developer provide Tenant a copy of all proposed changes in the Construction Documents

requiring Landlord's review and/or approval pursuant to the Development Agreement, as and when such proposed changes are provided to Landlord. Tenant shall have the right to give notice to Landlord disapproving any such proposed change in the Construction Documents within the time period set forth in the notice of any such proposed change, but in no event shall the time period be less than seven (7) days. If Tenant fails to issue such notice so as to allow Landlord to make timely objection or comment, any such change shall be deemed approved by Tenant. If Tenant timely disapproves any such proposed change, Tenant shall notify Landlord in writing specifying the reason for its disapproval and Landlord shall so notify Developer. Tenant shall only have the right to disapprove changes which (i) are not a consistent development of the Project Requirements, (ii) do not meet Project Requirements, (iii) do not comply with Requirements of Law, (iv) would violate the terms of any permits for the Project, (v) would cause the Project Schedule to be adversely impacted or the Project Budget to be exceeded, or (vi) involve proposed changes in work or materials which would result in a material change in appearance or diminution in quality of the Project. Disputes regarding a proposed change in the Construction Documents shall be subject to the dispute resolution process set forth in Section 9.6.

**9.4 Tenant Improvements.** The Fixed Price shall include the design, permitting and construction of Tenant Improvements. As is the case for the Project in general, the aspects of the Construction Documents, the Project Schedule and the Project Budget that relate to the Tenant Improvements shall be subject to Tenant's Concurrence. Final plans for the Tenant Improvements must be completed within the applicable period set forth in the Project Schedule. The Tenant Improvements must not exceed the amount budgeted in **EXHIBIT D-2**.

**9.5 Dispute Resolution Process.** Tenant and Landlord agree to follow the independent resolution process set forth in this Section 9.5 to resolve disputes regarding preparation of the Construction Drawings and Detailed Specifications and changes to Construction Documents in an economic and time efficient manner so that such documents conform to the requirements of this Lease, the Project Schedule is not adversely impacted, and the Project as constructed will satisfy the Project Requirements. In the event that a dispute arises between Tenant and Landlord during the design or construction of the Project regarding the adequacy of any Drawings or Specifications or the responsibility for any costs associated with any design development, addition or change (e.g., whether any design development is consistent with and reasonably inferable from the Project Requirements), the parties shall attempt to resolve such dispute as expeditiously as possible and shall cooperate so that the progress of the design and construction of the Project is not delayed. If, however, the parties are unable to resolve the dispute within three (3) business days, either party may, by delivering written notice to the other and Trustee, refer the matter to a dispute resolution mediator as set forth on the attached **EXHIBIT F**.

**9.6 Project Contingency.** To the extent the actual Project Costs in any line item of the Project Budget exceed the amount shown for such line item, Developer shall first allocate amounts in other line items, in which the actual known Project Costs will be less than the amount of the Project Budget, to the line item in which the excess Project Costs have been incurred. However, Developer must first provide a written explanation to Landlord and Tenant explaining why, with documentary support, the budgeted amount was exceeded. Following the allocation by Developer as set forth in the preceding sentence with respect to all line items,



Developer is entitled to draw upon the Project Contingency for such excess Project Costs; provided, however, Developer must first provide a written explanation to Landlord and Tenant explaining why, with documentary support, the Project Contingency must be drawn upon. If the Project Contingency is not sufficient to pay such excess Project Costs, Developer shall be responsible therefor in accordance with Section 9(g) of the Development Agreement.

**9.7 Permits; Costs; Compliance with Legal Requirements.** Landlord shall cause Developer to secure all permits for the Project, licenses, permissions, consents and approvals required to be obtained from governmental agencies or third parties in connection with construction of the Project pursuant to Requirements of Law. Tenant shall join in the application for such permits or authorizations whenever such joinder is required; provided, however, Tenant shall incur no expense or liability in connection therewith. Landlord shall cause all work on the Project to be performed in accordance with (i) the Development Agreement, (ii) all Requirements of Law and all directions and regulations of all governmental agencies and the representatives of such agencies having jurisdiction over the Project and/or the Premises and (iii) all requirements of the Owner Participation Agreement dated November 8, 2010 by and between the Alhambra Redevelopment Agency and Landlord with respect to the Project.

**9.8 Construction Contracts.** Landlord intends to contract for the construction of the Project directly with the General Contractor and to cause Developer to serve as construction manager in connection therewith pursuant to the provisions of the Development Agreement. Prior to its execution, Landlord shall provide Tenant with a copy of the General Construction Contract for Tenant's Concurrence. In addition, Tenant shall have the right to view, for its own information, all Construction Contracts and the bids submitted by potential Contractors and subcontractors.

(a) **General Contractor's Insurance.** By the date of the execution of the General Construction Contract, Landlord shall cause the General Contractor to procure and maintain, at a minimum, for the duration of that General Construction Contract the insurance more particularly described in the attached **EXHIBIT J** against claims for injuries to persons or damages to property which may arise from, or in connection with the performance of work thereunder by the General Contractor, its agents, representatives, employees and/or subcontractors. The cost of such insurance shall be paid by the General Contractor or its subcontractor.

(b) **No Assumption of Risk.** By requiring such minimum insurance, Landlord shall not be deemed to, or construed to, have assessed the risks that may be applicable to the General Contractor in the General Construction Contract.

**9.9 Construction of Project.** Landlord shall use its reasonable best efforts to commence initial construction of the Project following receipt of the clearing and grading permits. Thereafter, following receipt of the building permits for the Project, Landlord shall cause construction of the Project to be diligently and continuously prosecuted. All work shall be performed in a good and workmanlike manner, shall be free of defects in the work and materials and shall be constructed in substantial accordance with the Contract Documents, the requirements of this Lease and Requirements of Law. Landlord shall use its reasonable best efforts to cause Substantial Completion of the Project in accordance with the Project Schedule

attached hereto as **EXHIBIT D** by no later than September 1, 2012. In addition, Landlord shall use its reasonable best efforts to cause all Project Costs to be paid within the Fixed Price; provided, however, that Landlord shall have no obligation to pay Project Costs in excess of the Fixed Price and Tenant, whose only payment obligation hereunder is the payment of Rent and other amounts specifically set forth herein, shall have no obligation for the payment of any Project Costs.

**9.10 Payment of Project Costs and Other Costs Associated with the Project.** Throughout the course of construction of the Project, Developer shall submit to Landlord on a monthly basis Project Applications for Payment, as defined in, and in the manner, and with all supporting documentation described in, the Development Agreement. Pursuant to Section 9.2(a) above, Landlord shall require Developer to simultaneously provide Tenant with a copy of all such Project Applications for Payment and supporting documentation. Tenant shall have the right, but not the obligation, to give notice to Landlord objecting to any aspect of such submittals and Landlord shall notify Developer in the manner and within the time period set forth in the Development Agreement. If Tenant fails to give such notice so as to allow Landlord to make timely objection, Landlord shall be free to approve or to take such other action as it deems appropriate with respect to any such submittal. Any dispute with respect to Project Applications for Payment shall be subject to dispute resolution pursuant to Section 9.5 above. In no event shall Landlord approve any Project Application for payment unless and until the Project is in balance in accordance with Section 9(g) of the Development Agreement.

**9.11 Savings.** Upon Final Acceptance, Landlord shall provide Tenant and Trustee notice of the unexpended amount, if any, of the Project Contingency. Subject to the payment to Developer of the incentive fee specified in Section 12(g) of the Development Agreement, one hundred percent (100%) of the remaining savings shall be used, at the direction of the Tenant with approval from bond counsel and consistent with the Indenture, to finance other capital improvements related to the Project or to pay or redeem Bonds, which shall result in a corresponding offset to the Monthly Rent due from the Tenant.

**9.12 Substantial Completion of Project.** Substantial Completion of the Project shall have occurred when all of the events described in Section 1.56 have occurred.

**9.13 Final Acceptance.** Final Acceptance shall have occurred when all of the events set forth in Section 1.26 have occurred.

**9.14 As-Built Plans and Specifications; Manuals; Warranties; Permits and Licenses; and Survey.** On or before Final Acceptance, Landlord shall provide Tenant with a complete and detailed set of “as built” plans and specifications for the Project (Tenant Improvements to be provided in a CAD—computer-aided design—format), together with copies of all other materials received from Developer pursuant to the Development Agreement including manuals, warranties, permits and licenses and an as-built survey. Landlord shall ensure that Tenant has the right and irrevocable license to use the Construction Documents for repairs and additions to the Project following Final Acceptance.

**9.15 Inspection by Tenant.** Tenant shall have the right to inspect the ongoing construction of the Project and the Contract Documents upon reasonable prior notice to

Landlord. In addition, Tenant shall have the right to have an independent consulting architect, engineer or other appropriate consultant inspect the Project and the Contract Documents. Landlord shall cause Developer to provide Tenant's Construction Representative with all updates of the status of the construction of the Project issued to Landlord in accordance with the Development Agreement.

**9.16 No Amendment of Documents.** In the event Landlord desires to amend the agreement with the Architect, the General Construction Contract, any Contract Document, the Development Agreement, the Indenture, the Mortgage, or any other document, contract or agreement entered into in connection with the Project or the Bonds, Landlord shall submit a copy of such proposed amendment to Tenant. In the event Tenant notifies Landlord within fifteen (15) days following receipt of such proposed amendment of its objection to such proposed amendment, stating any conditions for assent and reasons for the objections, Landlord shall not enter into the proposed amendment unless Landlord first (i) responds to the concerns expressed by Tenant, (ii) determines any such amendment does not materially and adversely affect the Project, and (iii) confirms that any such amendment complies with the provisions of the Indenture. Landlord agrees not to enter into the amendment without Tenant's Concurrence.

**9.17 Third Party Beneficiary Provision.** Landlord shall cause the Development Agreement and the General Construction Contract to include the following provision:

Community Development Commission of the County of Los Angeles ("CDC") is the tenant under a Facilities Lease in which Community Development Properties Los Angeles County, Inc. ("Owner") is the landlord. Under the Facilities Lease, CDC will occupy the Premises (as defined in such Lease) upon its substantial completion. In light of its substantial interest in development and/or construction of the Premises, CDC shall be a third party beneficiary of this contract. All duties, efforts, and obligations due to the Owner hereunder are also due to CDC, including insurance and indemnity obligations. CDC may suffer losses or damages from any delay in completion of the Premises, or the failure of the Premises to adhere to the contract documents, plans, or specifications. Following the Rent Commencement Date specified in the Facilities Lease, and provided that CDC is not then in default under the Facilities Lease, CDC may (i) directly exercise any rights or remedies of the Owner as a result of any default hereunder and (ii) enforce any and all warranties hereunder, whether implied or express, as though CDC were named upon the warranties.

Notwithstanding anything to the contrary herein, Tenant shall have no rights under any such third party beneficiary provision until the Rent Commencement Date and then only so long as it is not then in default under this Lease.

**9.18 Tenant's Construction Representative.** Tenant's Construction Representative shall have the right, but not the obligation, to (i) review and suggest revisions to the Construction Contracts prior to their execution, (ii) review and suggest revisions to the

Construction Documents prior to or during construction in order to clarify, correct or properly reflect the intent of design (as defined below), (iii) review, comment on, or suggest actions with respect to all submittals and change orders concurrently with the Architect's review and with a reasonable time for such comments prior to final approval of the change order or submittal, and (iv) provide written notice to Landlord of any known or suspected failure of the Project to comply with the Construction Documents, or any other construction related defects in the Project or construction means and methods.

(a) **Copies of Review Items.** Owner shall require Developer to provide, or make available, to the Tenant's Construction Representative copies of all potential Construction Contracts, Construction Documents, submittals and change orders. Tenant Construction Representative's efforts shall be coordinated with Developer so as to not interfere with or delay design, development or construction of the Project.

(b) **Notices to Owner.** If during the course of such construction Tenant Construction Representative notifies Owner that it believes that the Project is not proceeding in accordance with the Contract Documents, Owner shall provide a copy of such notice to Developer for review and response and Owner shall thereafter require Developer to take, or cause to be taken, any steps necessary to correct any deficiency or omission that is determined to exist. The failure of Tenant's Construction Representative or Tenant to give such notice or to take advantage of such rights listed above shall not give rise to any liability for Tenant and shall not be considered a waiver of any right of Tenant under this Lease.

(c) **Intent of Design.** As of the Effective Date of this Lease, the Construction Documents are in development and are not complete. Accordingly, to the extent such Contract Documents are silent or internally inconsistent as to various design and construction matters, Tenant Construction Representative may issue notice to Owner and Developer as to what it considers to be the intent of design. For purposes of this Section, "intent of design" shall mean what would be naturally and reasonably inferable from the Contract Documents by an experienced professional in the construction industry accustomed to projects similar to the Project as being necessary for the construction of a fully complete and operational project.

(d) **Third Party Representative.** Tenant may elect to name a third party as Tenant's Construction Representative. Tenant shall be free to hire and terminate such party in its direction but notice of any such change shall be provided to Landlord. Payments to any such third party shall be at Tenant's expense and shall not be a Project Cost.

## **10. Maintenance and Modification.**

**10.1 Maintenance and Repair.** Except as otherwise expressly provided herein and except for warranty claims for which Developer is responsible as provided in the Development Agreement and except for damage caused by the negligent acts or omissions of Landlord, from and after the Commencement Date, Landlord shall, at Tenant's sole cost and expense, maintain the Premises and appurtenances and every part thereof in good order, condition and repair and will take all action and will perform all interior and exterior, structural and non-structural, foreseen and unforeseen, ordinary and extraordinary, maintenance and repairs

required to keep all parts of the Premises in good repair and condition, subject only to ordinary wear and tear. In determining a maintenance and repair program for the Premises, Landlord shall, in addition to the requirements of Section 5.11, consult with Tenant to determine the most cost-effective program of maintenance and repair and to consider alternates proposed by Tenant.

## **10.2 Management of Premises; Accounting.**

(a) **Standard of Operation.** Unless otherwise agreed by Tenant, Landlord shall cause the Premises to be operated and managed, and services provided, in a manner consistent with that of a reasonably prudent building owner of comparable institutional headquarters-grade office building located in the business districts of the western San Gabriel Valley in California, and in a manner which is efficient and reasonably controls expenses but is consistent with comparable institutional headquarters-grade office buildings.

(b) **Property Management.** Following Substantial Completion of the Project, Landlord shall at all times cause the Premises to be operated by a professional property management company selected by Landlord with Tenant's Concurrence. Such property manager shall have experience in managing office buildings of comparable size and quality to the Premises at a management fee which shall not be in excess of the management fee charged by property management companies managing commercial office buildings of comparable size and quality in Los Angeles County. The property management contract shall comply with Revenue Procedure 97-13 or any successor revenue procedure issued by the Internal Revenue Service governing management, operation or other service contracts in connection with the issuance of tax-exempt obligations. Such property manager shall at all times operate the Premises in compliance with the requirements of all laws and in compliance with the terms and provisions of this Lease. Contracts with property management firms should be terminable upon not less than six (6) months' notice beginning two (2) years after the Commencement Date, and should name Tenant as a third party beneficiary for proper performance of the contract, as well as indicate that the contract will attorn to Tenant upon conveyance to Tenant.

Beginning two (2) years after the Commencement Date, Tenant may, upon not less than six (6) months' written notice to Landlord, elect to operate and maintain the Premises itself or by a property manager of its choosing; provided, however, that if Tenant elects to do so, Landlord shall have no further rights or obligations with respect to the operation and maintenance activities specifically set forth in Tenant's notice as being assumed by Tenant; and, provided, further, that if Tenant makes such an election, Tenant shall operate and maintain the Premises to a standard equal to or better than that of Landlord.

(c) **Financial Statements.** As soon as reasonably possible and in any event within ninety (90) days after the close of each fiscal year of Landlord, Landlord shall deliver to Tenant and Trustee the (i) consolidated balance sheet of Landlord and the Premises as at the end of such fiscal year setting forth in comparable form the corresponding figures as at the end of the preceding fiscal year, certified as to accuracy by an officer of Landlord; (ii) statements of income, retained earnings and changes in financial position for such fiscal year of Landlord and the Premises setting forth in comparable form the corresponding figures for the previous fiscal year prepared in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year or containing disclosure of the effect on financial

position or results of operations of any change in the application of accounting principles during the year certified as to accuracy by an officer of Landlord; (iii) operating statement for the Premises for the preceding Calendar Year certified as to accuracy by an officer of Landlord; and (iv) certificate executed by an officer of Landlord certifying compliance by Landlord with the requirements of this Lease, the Mortgage, the Indenture and the Bonds. Such year-end balance sheet and income statements of the Premises shall be accompanied by an unqualified report and audit opinion of independent public accountants of recognized standing selected by Landlord and not objected to by Tenant, which report and opinion shall be in accordance with generally accepted auditing standards relating to reporting, or, if qualified, the opinion shall not be qualified due to any departure from any generally accepted accounting principles, and shall be accompanied by a statement of such accountants that in making the audit necessary for the certification of such financial statements and any such report, such accountants have obtained no knowledge of any default under this Lease, the Mortgage, the Indenture, the Bonds or any other evidence of indebtedness or of any event which, with notice or lapse of time, or both, would constitute an event of default under this Lease, the Mortgage, the Indenture, the Bonds or any other evidence of indebtedness or, if in the opinion of such accountants any such event of default or other event shall exist, shall include a statement as to the nature and status thereof.

Notwithstanding anything to the contrary contained herein, Trustee shall have no duty to review any such audited or unaudited financial statements or reports (collectively, "Financial Statements") or inquire into the underlying facts and circumstances of any certificate or notice delivered by Landlord. Trustee shall not be considered to have notice of the contents of any such financial statements or of any Event of Default hereunder or under any Bond Document or Other Document (as defined in the Indenture) based upon such content. Further, Trustee has no duty to verify the accuracy of any such Financial Statements or any such notice or certificate.

(d) **Asset Management Fee.** As compensation for its services in overseeing the management of the Premises, the preparation of financial statements and the preparation of an Annual Operating Budget for the Premises, Tenant shall pay Landlord the Asset Management Fee as an Operating Expense pursuant to Section 5.2. No Asset Management Fee will be assessed upon self managed portions of operating expenses after proper assumption by the Tenant pursuant to Section 10.2(b). Asset Management Fees should be assessed upon the estimated Operating Expenses as they are paid and reconciled annually with other Operating Expenses. Any unused funds, which are returned or credited to the Tenant, shall have the applicable prorated portion of the Asset Management Fee paid back upon their return to Tenant.

**10.3 Tenant's Remedies.** Tenant shall provide Landlord written notice of any maintenance or repair required to the Premises or of any default by Landlord in the performance of its obligations under Section 10.1 of this Lease. Landlord shall have thirty (30) days after receipt of notice from Tenant detailing the need for maintenance or repair, to commence to perform its obligations under this Lease, except that Landlord shall perform its obligations as soon as reasonably possible if the nature of the problem presents a hazard or emergency. If Landlord does not perform its obligations under Section 10.1 of this Lease within the time limitations set forth in this Section 10.3, provided written notice has been given to Landlord as provided in this Section 10.3, Tenant shall have the right, but not the obligation, to perform such maintenance and repair and shall have the right to be reimbursed by Landlord for the sum it actually expends in the performance of such work. If Landlord does not reimburse Tenant within

thirty (30) days after demand from Tenant, after proper resort to the mediation procedure in **EXHIBIT F**, Tenant shall have the right to pursue any and all remedies available at law or equity except that Tenant shall have no right to offset against Monthly Rent payable under this Lease, but may offset such amounts from Additional Rent.

**10.4 Modifications, Alterations and Additions.** From and after the Commencement Date, Tenant may, at Tenant's sole cost and expense, make modifications, alterations and additions to the Premises provided that such modifications, alterations and additions do not decrease the value of the Premises, and such modifications, alterations and additions shall be expeditiously completed in a good and workmanlike manner and in compliance with all applicable Laws and the requirements of all insurance policies required to be maintained by Tenant, without further consent from Landlord. Landlord shall, upon reasonable notice, have access to all plans and specifications relating to alterations and modifications made by Tenant to the Premises.

**10.5 Termination of Contracts.** All third-party contracts entered into by Landlord with respect to the maintenance and operation of the Premises shall include a provision allowing Tenant to terminate such contracts upon not less than forty-five (45) days' written notice following the conveyance of the Premises to Tenant pursuant to Section 4.5 above. Such termination shall be in Tenant's sole discretion and without other cause.

**11. Landlord Financing of Project.** Landlord shall not have the right to mortgage, pledge, encumber or assign the Premises in whole or in part except in connection with its financing of the Project through the Bonds issued by Landlord. Copies of the Indenture and the Mortgage securing the Bonds shall be provided to and shall be approved by Tenant, which approval shall not be unreasonably withheld. Pursuant to a subordination, non-disturbance and attornment agreement entered into by Landlord and Tenant with the Trustee as the beneficiary under the Mortgage, so long as Tenant is not in default under any of the terms, covenants or conditions of this Lease, the beneficiary under the Mortgage shall not disturb Tenant's possessory rights in the Premises in the event such beneficiary should foreclose the Mortgage.

**12. Construction Liens.** From and after the Commencement Date, Tenant shall pay all costs for modifications, alterations and additions done by it or caused to be done by it on the Premises as permitted or required by this Lease (other than the construction of the Project) and Tenant shall keep the Premises free and clear of all Liens resulting from modifications, alterations and additions done by or for Tenant; provided, however, Tenant shall have the right to contest the correctness or validity of any such Lien by appropriate proceedings conducted in good faith with due diligence. Within thirty (30) days following written notice from Landlord, Tenant shall discharge such Lien of record or record a bond which complies with the requirements of law for eliminating such Lien as an encumbrance against the Premises if in the reasonable exercise of Landlord's judgment the protection of the Premises or Landlord's interest therein shall require such payment. In the event Tenant shall fail to so remove any such Lien, Landlord may take such action as Landlord shall reasonably determine to remove such Lien and all costs and expenses incurred by Landlord including, without limitation, amounts paid in good faith settlement of such Lien and attorneys' fees and costs shall be paid by Tenant to Landlord. Tenant's obligations pursuant to this Section shall survive the Expiration Date.

### **13. Indemnity and Hold Harmless.**

**13.1 Indemnification by Landlord.** Landlord shall indemnify, defend and hold harmless Tenant, the Housing Authority of the County of Los Angeles (“HA”), the County of Los Angeles (“County”), and each of their elected and appointed officers, officials, representatives, employees, and agents (the “Indemnified Tenant Parties”) from and against any and all liability, demands, liens, damages, claims, causes of action, expenses, and fees (including reasonable attorney’s fees and costs and expert witness fees) for bodily injury, property damage, and death (hereinafter collectively referred to as “Liabilities”), arising out of or relating to the negligent acts, errors, or omissions of Landlord including, without limitation, any breach of this Lease except to the extent that such Liabilities are caused by the sole gross negligence or willful misconduct of Tenant, HA, or County.

Landlord shall require Developer and General Contractor to agree to and abide by the indemnification requirements set forth in this Section in favor of Tenant, HA, and County, as applicable to each of them, subject to the provisions of California Civil Code sections 2782 *et seq.*, as such may be applicable to the work and/or services being provided by Landlord’s contractors and consultants.

**13.2 Indemnification by Tenant.** Tenant shall indemnify, defend and hold harmless Landlord and its officers, employees, and agents (the “Indemnified Landlord Parties”) from and against any and all Liabilities (as defined in Section 13.1), arising out of or relating to the negligent acts, errors, or omissions of Tenant including, without limitation, any breach of this Lease except to the extent that such Liabilities are caused by the sole gross negligence or willful misconduct of Landlord, Developer, the General Contractor, or their consultants, agents or employees.

**13.3 Survival.** The indemnification provisions of this Section shall remain in full force and effect and survive the termination and/or expiration of this Lease.

**14. Minimum Scope of Insurance Coverage for Landlord.** After the Effective Date, Landlord shall at a minimum maintain insurance coverage of the type and amount specified on the attached **EXHIBIT K**.

### **15. Minimum Scope of Insurance Coverage for Tenant.**

**15.1 General Liability.** After the Commencement Date, Tenant shall have the right to self-insure under Section 15.2 or, at its sole cost and expense, shall obtain and keep in force throughout the Term a Commercial General Liability insurance policy on an occurrence basis insuring Tenant against claims for injuries to persons and property damage liability. “Commercial General Liability” insurance shall mean Insurance Services Office form number (CG00 001) with a limit of not less than \$1,000,000 combined single limit per occurrence, \$5,000,000 aggregate. Tenant agrees to add Landlord and Trustee as additional insureds to any Commercial General Liability insurance policy.

**15.2 Self-Insurance by Tenant.** Notwithstanding anything herein to the contrary, Tenant may self-insure for general liability coverage, provided that Tenant maintains at all times a program of self-insurance and provides Landlord and Trustee annually with a certified



actuarial statement from an independent insurance consultant or actuary that such program is in full force and effect and is actuarially sound and consistent with industry standards and prudent risk management standards. Annual evidence of Tenant's program of self-insurance is and shall continue to be included in the Tenant's financial report and shall be provided to Landlord and Trustee. Tenant shall provide Landlord and Trustee with at least thirty (30) days' prior written notice of any change in Tenant's self-insured status and will provide Landlord and Trustee with a certificate of self-insurance as adequate proof of insurance. In the event Tenant fails to satisfy the condition set forth above, Tenant shall immediately procure the Commercial General Liability insurance coverage specified in Section 15.1. If Tenant elects to self-insure as set forth in this Section, Tenant acknowledges and agrees that Landlord shall have no liability for such losses or damage which would otherwise have been covered by the general liability insurance which Tenant could have provided in accordance with Section 15.1, nor shall Tenant's failure to obtain commercial general liability insurance have any effect on Tenant's obligations under this Lease.

**15.3 Workers' Compensation.** Tenant is self-insured for all of its workers' compensation liability exposure. Tenant shall, at its own expense, maintain through its self-insurance program coverage for its workers' compensation liability exposure for the duration of the Term. Tenant shall provide Landlord and Trustee with at least thirty (30) days' prior written notice of any change in the Tenant's self-insured status and will provide Landlord and Trustee with a certificate of self-insurance as adequate proof of insurance.

## **16. Property Insurance.**

**16.1 Coverage for Premises.** From and after the Commencement Date, Landlord shall cause the Premises to be insured at one hundred percent (100%) of replacement value for fire and other perils currently covered by a special causes of loss commercial property insurance form. Such coverage shall include eighteen (18) months of rental interruption coverage for the costs of Monthly Rent and Additional Rent, with Extra Expense coverage and shall name Trustee and Tenant as loss payee as each of their interests may appear. Landlord shall further cause the Premises to be insured against the perils of earthquake and flood, either as part of the aforementioned commercial property policy, or under a separate policy or policies. Such earthquake and flood insurance shall include eighteen (18) months of rental interruption coverage and shall name Trustee as loss payee as its interests may appear. Landlord shall cause coverage to be maintained against loss arising from earthquake and flood so long as such coverage is available at a commercially reasonable cost and in coverage amounts which are commercially available, but shall not be in default under this Lease if coverage is no longer written, is unavailable for properties comparable to the Premises or is not available at commercially reasonable premium amounts. Landlord will provide Tenant and Trustee with thirty (30) days' prior written notification of material changes in coverage. Landlord will, upon request, furnish Tenant and Trustee with satisfactory evidence that such coverage is in effect.

**16.2 Coverage for Tenant's Personal Property.** Landlord shall have no obligation to insure any of Tenant's Personal Property.

**17. Waiver of Subrogation.** Landlord and Tenant shall cause their respective property insurance carriers to release and waive all rights of subrogation against the other to the

extent a loss is covered by property insurance in force. Landlord and Tenant hereby mutually release each other from liability and waive all right of recovery against each other for any loss from perils insured against under their respective fire insurance policies, including any extended coverage endorsements hereto; provided, that this provision shall be inapplicable if it would have the effect of invalidating any insurance coverage of Landlord or Tenant.

**18. [Reserved]**

**19. Destruction.**

**19.1 Insured Damage.** If during the Term, the Premises are partially or totally destroyed by any casualty that is covered by insurance described in Section 16, rendering the Premises partially or totally inaccessible or unusable, Landlord shall restore the Premises to substantially the same condition as they were in immediately before such destruction, if (i) the insurance proceeds available to Landlord equals or exceeds the cost of such restoration, (ii) such restoration can be completed within a period which is not longer than eighteen (18) months from date of such destruction, and (iii) such restoration is permitted under then existing laws to be done in such a manner as to return the Premises to substantially the same condition as it was immediately before the destruction. Landlord will advise Tenant and Trustee with respect to the preceding conditions and, accordingly, whether such restoration of the Premises can proceed, on or before that date which is ninety (90) days after the date of destruction. If the foregoing conditions cannot be met, such destruction shall be treated as “Underinsured Damage” in accordance with the provisions of Section 19.2. The insurance proceeds shall be retained by Trustee who shall disburse same to Landlord from time to time as the restoration work progresses, provided, however, that Landlord shall complete such restoration as soon as reasonably practical, but in any event not longer than that period which is eighteen (18) months from the date of such destruction.

**19.2 Underinsured Damage.** If during the Term the Premises are partially or totally destroyed by any casualty and the conditions set forth in Section 19.1, captioned “Insured Damage” cannot be met, Landlord shall provide written notice to Tenant and Trustee within ninety (90) days after the date of destruction. Such notice shall describe the extent of the destruction, which of the conditions(s) cannot be met, and the estimated time necessary for restoration of the Premises. Within thirty (30) days of Tenant’s receipt of Landlord’s notice, Tenant shall notify Landlord in writing whether Tenant will proceed to satisfy the conditions which cannot be met. If Tenant so fulfills such conditions, then Landlord shall proceed to restore the Premises in accordance with the terms agreed between Landlord and Tenant. In that event, the insurance proceeds shall be retained by Trustee who shall disburse same to Landlord from time to time as the restoration work progresses. If any monies deposited by Tenant in connection with such restoration remain after the Premises have been restored, those monies shall be returned to Tenant.

**19.3 Extent of Landlord’s Obligation to Restore.** If Landlord is required or elects to restore the Premises or such portion thereof which has been destroyed as provided in this Section 19, Landlord shall not be required to restore Tenant’s Personal Property, such excluded items being the sole responsibility of Tenant to restore.

**19.4 No Abatement or Reduction of Rent.** In the event that the Premises are damaged or destroyed by fire or other casualty following the Commencement Date, this Lease shall not terminate nor shall there be any abatement of Monthly Rent or Additional Rent otherwise payable by Tenant hereunder; provided, however, that Tenant may elect to defease or prepay Monthly Rent in accordance with Section 4.4.

**19.5 Waiver of Certain Rights.** In recognition of the specifically negotiated provisions in this Lease with respect to Tenant's rights in the event of damage, destruction or condemnation of the Premises, Tenant hereby waives its rights pursuant to California Civil Code §§ 1932(2) and 1933(4).

## **20. Condemnation.**

**20.1 Total Condemnation.** If there is a taking or damaging of all or any portion of the Premises by the exercise of any governmental power, whether by legal proceedings or otherwise, by a governmental agency with jurisdiction over the Premises or a transfer by Landlord either under threat of condemnation or while legal proceedings for condemnation are pending (a "Condemnation") such that there can be no reasonable use of the Premises by Tenant, as reasonably determined by Tenant, this Lease shall terminate on the date the condemnor has the right to possession of the Premises. The entire award with respect to a taking of the Premises (including Tenant's leasehold estate under this Lease) shall be paid to Trustee and applied at Tenant's direction to repay or defease Bonds or to reimburse Trustee. Any Condemnation proceeds remaining after Bonds have been paid in full shall be paid to Tenant.

**20.2 Partial Condemnation.** If, prior to Substantial Completion of the Project, there is a partial taking of the Premises by Condemnation but the Project can be completed substantially in accordance with the Project Requirements, such condemnation proceeds shall be paid to Trustee who shall deposit such condemnation proceeds into the Non-Bond Proceeds Account established under the Indenture for purposes of paying Project Costs. Following Substantial Completion of the Project, if there is a partial taking of the Premises by Condemnation, and Tenant determines that a reasonable use can be made of the Premises, then the condemnation proceeds shall be paid to Trustee who shall deposit such condemnation proceeds into the Capital Repairs Fund established under the Indenture and shall disburse such condemnation proceeds to Landlord from time to time as restoration progresses. Otherwise, the condemnation proceeds shall be applied as provided by the Indenture. In no event shall this Lease terminate as a result of a partial taking (except a partial taking which results in no reasonable use of the Premises by Tenant as determined pursuant to Section 20.1) nor shall there be any abatement of Monthly Rent or Additional Rent otherwise payable by Tenant hereunder; provided, however, that Tenant may elect to defease or prepay Monthly Rent in accordance with Sections 4.4 and 4.5.

**21. Assignment of Project; Subletting.** Landlord shall not sell, transfer, convey or assign all or any portion of its interest in this Lease or in the Premises (except to Trustee) without the prior written consent of Tenant and Trustee and a written opinion from nationally recognized bond counsel that any such sale, transfer, conveyance or assignment will not have an adverse effect on the tax exempt status of interest payable on the Bonds. Tenant shall not sell, transfer,

convey or assign all or any portion of its interest in this Lease or in the Premises without the prior written consent of Landlord and Trustee together with an opinion of nationally recognized bond counsel that any such sale, transfer, conveyance or assignment will not adversely affect the tax exempt status of interest payable on the Bonds. Notwithstanding the foregoing sentence, Tenant may sublease the Premises or any portion thereof without the consent of Landlord or Trustee, to the extent and on the terms and conditions set forth under Section 7 so long as the execution of such sublease would not violate the provisions of Section 7; provided, however, that under no circumstances shall Tenant be released or relieved from any of its obligations hereunder.

Any sale, transfer, conveyance, assignment or sublease permitted under this Section shall be in writing and shall require the purchaser, transferee, grantee, assignee or subtenant to comply fully with the terms of this Lease, including, without limitation, the provisions of Section 7 regarding use of the Premises. Tenant shall provide Landlord and Trustee with written notice of any such sale, transfer, conveyance, assignment or sublease and a copy of all documentation relating thereto. Any attempted sale, transfer, conveyance, assignment or sublease in material violation of the requirements set forth in this Section 21 shall be null and void and shall constitute an event of default under the Indenture.

**22. Default by Tenant.** The occurrence of any of the following shall constitute an Event of Default by Tenant under this Lease:

**22.1 Payment.** Failure (a) to make any Monthly Rent payments due under this Lease if the failure to pay is not cured within seven (7) days after written notice of such failure has been given by Trustee or Landlord to Tenant, or (b) failure to make any other payment required if the failure to pay is not cured within ten (10) days after written notice of such failure has been given by Landlord to Tenant.

**22.2 Other Failure to Perform.** Failure to materially perform any other provision of this Lease if the failure to perform is not cured within thirty (30) days after written notice of such default has been given by Trustee or Landlord to Tenant. If the default cannot reasonably be cured within thirty (30) days, then such default shall not constitute an Event of Default if Tenant commences to cure the default within thirty (30) days and diligently and in good faith continues to cure the default.

**22.3 Late Charges; Interest on Past Due Monthly Rent.** Tenant acknowledges that a late payment of Monthly Rent hereunder will cause Landlord to incur costs not contemplated by this Lease, the exact amount of which is difficult to ascertain. Therefore, in the event Tenant shall fail to pay any installment of Monthly Rent due hereunder for fifteen (15) days after the date such amount is due, Tenant shall pay to Trustee on behalf of Landlord a late charge equal to two percent (2%) of the amount then owing and past due together with interest on such past due amount at an interest rate of twelve percent (10%) per annum commencing fifteen (15) days after the date such amount is due until paid. Payment of such late charges and/or default interest shall not excuse or cure any Event of Default by Tenant under this Lease.

**22.4 Remedies for Tenant Default.** If Tenant commits an Event of Default under Section 22.1(a) and fails to cure such default within the time period provided therein, then

Landlord, by providing Tenant with ten (10) days' advance written notice, may cancel and terminate this Lease, evict the Tenant and re-enter the Premises, but notwithstanding such re-entry by Landlord, Tenant covenants and agrees to make good to Landlord any deficiency arising from a re-entry and reletting of the Premises at a lesser Rent than the Rent agreed to through the Term, provided Landlord has taken all reasonable measures to ensure that a maximum rental rate was obtained for reletting. Landlord shall provide notice to Tenant of any amount by which rentals from such reletting are less than the Rent and the due dates of such Rent. The deficiency amount for each such Rent payment shall be paid by Tenant on or before the due date for such Rent payment. In addition to the remedy specified above for Tenant's failure to pay Monthly Rent, if Tenant commits any default and fails to cure such default within the time period provided under this Section, Landlord shall have the right to pursue any and all remedies available at law or in equity; provided, however, that in no event shall Landlord have the right to accelerate any payments owing by Tenant under this Lease.

**22.5 Hardship Restoration of Lease.** In addition to and not reducing the rights and/or procedures per Code of Civil Procedure Section 1179, if at any time after a default, alleged default and/or pending eviction, Tenant requests via written notice to Landlord the terms of restoration to good standing, Landlord must provide a itemization of all costs incurred and/or estimated to be incurred by Landlord, and amounts necessary to cure any monetary default with all interest due assuming a payment on the fifteenth (15th) day after delivery of the terms. In the case of a default per Section 22.2, the terms of restoration shall include an itemization of all special conditions necessary for the Tenant to be restored to the Lease and should state the amount of a bond necessary to ensure the compliance with the special conditions in lieu of actual compliance. Upon receipt of the request from Tenant, Landlord must delay any pending lockout to allow at least fifteen (15) days from Landlord's delivery of the terms of restoration for the Tenant to meet the terms and pay all of the itemized costs and necessary to cure the default, and/or either meet special default conditions or post a bond in the amount as specified by Landlord related to the special conditions. If Tenant tenders in good funds all of the amounts of costs and monies itemized in the terms of restoration to the Landlord, and/or complies with special conditions, if any, or delivers evidence of the bond in favor of Landlord required per the terms on or before the 15th day from delivery of the Landlord's terms of restoration then Tenant is restored to good standing, and Landlord must acknowledge restoration in writing in all respects under this Lease, including the rights regarding conveyance. In case of such restoration, Landlord must act to cease, and dismiss any unlawful detainer action or stop any lockout pending. Amounts paid by Tenant pursuant to this section are still subject to dispute, and Tenant may proceed per **EXHIBIT F**, and thereafter by any legal means, but may not offset any amounts recovered against Monthly Rent. The Landlord stipulates that termination of the Lease, and failure to restore Tenant to this Lease after a default, during an eviction, or after an unlawful detainer judgment is entered would create a hardship as referred to in Code of Civil Procedure section 1179.

**23. Default by Landlord.** Landlord shall not be in default unless Landlord fails to perform its obligations (i) within five (5) business days after notice by Tenant specifying the obligation which Landlord has failed to perform if such failure occurs prior to the Commencement Date and (ii) within thirty (30) days after notice by Tenant specifying the obligation which Landlord has failed to perform if such failure occurs after the Commencement Date; provided, that if the nature of Landlord's obligation is such that more than five (5) business

days or thirty (30) days, as applicable, are required for performance, Landlord shall not be in default if Landlord commences performance within such period following Tenant's notice and thereafter completes performance within a reasonable time. If the nature of the obligation presents a hazard or emergency, Landlord shall commence performance as soon as reasonably possible. In the event that Landlord fails to cure any such default, Tenant shall have the right to pursue any and all remedies available at law or in equity after resort to the procedure in **EXHIBIT F**; provided, however, that Tenant shall have no right to offset against Rent payable under this Lease, but Tenant may seek as part of its remedies a judgment against any amounts held as reserves for the sole benefit of Landlord under this Lease or the Indenture.

In addition to its option under Section 4.3(a), in the event that Landlord defaults in its payments under the Bonds, Tenant has the exclusive option to purchase the Premises for the amount of the outstanding Bonds and accrued interest to the date of default and, if the Bonds are not subject to optional redemption Tenant shall pay costs incident to the defeasance and Landlord shall deposit all amounts received from Tenant into the escrow for the Bonds.

In light of the specific agreements in this Lease with regard to Landlord's obligations to maintain the Premises, Tenant hereby waives its rights under California Civil Code §§ 1941 and 1942.

**24. Signs.** Tenant shall have the right to place identification signage, other signage, advertisements, awnings, banners or other exterior decorations on the exterior of the Premises without any further consent or approval from Landlord. Any sign that Tenant has the right to place, construct and maintain shall comply with all laws, and Tenant shall obtain any approval required by such laws. Landlord makes no representation with respect to Tenant's ability to obtain such approval.

**25. Landlord's Right to Enter the Premises.** Landlord shall have the right to enter the Premises at reasonable times during Tenant's normal business hours; provided, however, Landlord acknowledges and agrees to comply with Tenant's requests regarding security. Landlord shall conduct its activities on the Premises as allowed in this Section in a manner that will cause the least possible inconvenience, annoyance or disturbance to Tenant. Should any disturbance or security violation occur, then Tenant may require that all future entries into the Premises be only during working hours after twenty-four (24) hours' written notice from Landlord to Tenant. This does not affect Landlord's right to enter in case of emergency. Landlord shall not be liable in any manner for any inconvenience, annoyance, disturbance, loss of business, nuisance, or other damage arising out of Landlord's entry on the Premises as provided in this Section, except damage resulting from the negligent acts, willful misconduct or omissions of Landlord. Tenant shall not be entitled to an abatement or reduction of Rent if Landlord exercises any right reserved in this Section.

**25.1 Condition.** To determine whether the Premises are in good condition, whether Tenant is complying with its obligations under this Lease and to perform any maintenance, repair or replacement obligations of Landlord pursuant to Section 10.

**25.2 Notices.** To serve, post or keep posted any notices required or allowed under the provisions of this Lease.

**26. No Encumbrances by Landlord.** Except to the extent expressly authorized in Sections 11 and 21, Landlord shall not at any time during the Term sell, transfer, lease (other than to Tenant pursuant to this Lease), convey, encumber (other than to Trustee pursuant to the Mortgage), pledge (other than to Trustee pursuant to the Indenture), hypothecate or otherwise grant a security interest in the Premises or any portion thereof.

**27. Right to Estoppel Certificates.** Each party, within fifteen (15) days after notice from the other party, shall, unless it is in default hereunder, execute and deliver to the other party, in recordable form, a certificate stating that this Lease is unmodified and in full force and effect, or in full force and effect as modified and stating the modifications. Unless the party requested to provide such a certificate is in default, failure to deliver the certificate within such fifteen (15) day period shall be conclusive upon the party failing to deliver the certificate for the benefit of the party requesting the certificate and any successor to the party requesting the certificate, that this Lease is in full force and effect and has not been modified except as may be represented by the party requesting the certificate.

**28. Limitation on Landlord's Liability.** Notwithstanding any provision in this Lease to the contrary, Tenant shall look solely to the estate and property of Landlord in the Land and buildings constituting the Premises, any insurance proceeds or condemnation proceeds payable to Landlord under this Lease, any sums paid to Landlord under the Development Agreement and any amounts payable to Landlord under any warranty or other contract with respect to the Project for the collection of any judgment requiring the payment of money by Landlord or for the enforcement of any other judgment or remedy against Landlord and no other assets of Landlord shall be subject to levy, execution or other procedure for the satisfaction of Tenant's remedies.

**29. Attorneys' Fees.** In the event suit is brought by Landlord or Tenant relating to this Lease, including for the breach of any covenant or condition of this Lease, the prevailing party shall be entitled to a reasonable sum for attorneys' fees, witness fees, and court costs, including costs of appeal, all of which shall not exceed \$300,000. Failure by either party to comply with the dispute resolution procedure described in **EXHIBIT F** prior to filing suit or commencing any other legal action or proceeding before a trier of fact shall eliminate such party's right to attorneys' fees in such suit or action, even if the party prevails. If Tenant pays fees and costs per Section 22.5, any judgment for the same fees and costs should be deemed satisfied.

**30. Surrender.** Tenant shall, on the Expiration Date, surrender and deliver up the Premises, including all improvements then located thereon and the appurtenances thereto, into the possession of Landlord, in good order, condition and repair, free and clear of all lettings and occupancies, and free and clear of all liens and encumbrances other than those existing on the date of this Lease and those, if any, created by Landlord, without any payment or allowance whatsoever by Landlord. Tenant shall execute, acknowledge and deliver to Landlord such instruments of further assurance as in the opinion of Landlord are necessary or desirable to confirm or perfect Landlord's right, title and interest in and to all of the above-described property.

**30.1 Conveyance of Premises.** Notwithstanding Tenant's obligation to surrender the Premises on the Expiration Date, Landlord shall nonetheless be obligated to convey the Premises to Tenant pursuant to Section 4.4 above.

**30.2 Survival.** The provisions of this Section shall survive the expiration or termination of this Lease.

**31. Broker.** Landlord and Tenant each represent to the other that neither is represented by any broker, agent or finder with respect to this Lease in any manner. Each party agrees to indemnify and hold the other party harmless from and against any and all liability, costs, damages, causes of action or other proceedings instituted by any other broker, agent or finder, licensed or otherwise, claiming through, under or by reason of the conduct of the indemnifying party in any manner whatsoever in connection with this Lease.

**32. Miscellaneous Provisions.**

**32.1 Entire Agreement.** This Lease sets forth the entire agreement of the parties as to the subject matter hereof and supersede all prior discussions and understandings between them. This Lease may not be amended or rescinded in any manner except by an instrument in writing signed by a duly authorized officer or representative of each party hereto and the consent of the Bondholders if required pursuant to the provisions of Section 32.12. Furthermore, Landlord shall not assign nor amend the Development Agreement without the Tenant's prior approval, which approval shall not be unreasonably withheld.

**32.2 Governing Law.** This Lease shall be governed by and construed and enforced in accordance with the laws of the State of California.

**32.3 Severability/Construction of Lease.** Should any of the provisions of this Lease be found to be invalid, illegal, unconstitutional or unenforceable by any court of competent jurisdiction, such provision shall be stricken and the remainder of this Lease shall nonetheless remain in full force and effect unless striking such provision shall materially alter the intention of the parties. The parties hereby acknowledge and agree that each was represented by counsel and this Lease was negotiated and drafted at arms' length. Accordingly, the judicial rule of construction that any ambiguities are to be construed against the drafting party shall be inapplicable in the interpretation of this Lease. The provisions of this Lease shall be construed as a whole according to their common meaning and consistent with the other provisions contained herein in order to achieve the objectives and purposes of this Lease.

**32.4 Jurisdiction/Venue.** In the event any action is brought to enforce any of the provisions of this Lease, the parties agree to be subject to exclusive in personam jurisdiction in the Los Angeles County Superior Court for the State of California and agree that in any such action venue shall lie exclusively in the County of Los Angeles, California.

**32.5 Waiver.** No waiver of any right under this Lease shall be effective unless contained in writing signed by a duly authorized officer or representative of the party sought to be charged with the waiver and no waiver of any right arising from any breach or failure to perform shall be deemed to be a waiver of any future right or of any other right arising under this Lease.



**32.6 Captions.** Section captions contained in this Lease are included for convenience only and form no part of the agreement between the parties.

**32.7 Notices.** All notices or requests required or permitted under this Lease shall be in writing, shall be personally delivered or sent by certified mail, return receipt requested, postage prepaid, by nationally recognized overnight courier or by facsimile transmission and shall be deemed given when so delivered, received or faxed (provided the fax machine has issued a printed confirmation of receipt). All notices or requests to any party shall be sent to all other parties as follows:

If to Landlord:

Community Development Properties  
Los Angeles County, Inc.  
Attention: John Finke  
1218 – 3rd Avenue, Suite 1403  
Seattle, WA 98101  
Facsimile: 206.448.5246

If to Tenant:

Community Development Commission  
of the County of Los Angeles  
Attention: Executive Director  
2 Coral Circle  
Monterey Park, CA 91755  
Facsimile: 323.\_\_\_\_.\_\_\_\_

If to Trustee:

The Bank of New York Mellon Trust Company, N.A.  
Attention: Kathleen Graves  
601 Union Street, Suite 520  
Seattle, WA 98101  
Facsimile: 206.667.8905

Any party may change the address to which notices shall be sent by notice to the other party in the manner and with the effect set forth in this Section.

**32.8 Binding Effect.** Subject to the provisions of Sections 11 and 21, this Lease shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. No permitted assignment of this Lease or Tenant's rights hereunder shall be effective against Landlord unless and until an executed counterpart of the instrument of assignment shall have been delivered to Landlord and Landlord shall have been furnished with the name and address of the assignee. The term "Tenant" shall be deemed to include the assignee under any such permitted assignment. The term "Landlord" shall include any successors to or assigns of the Landlord's interest in the Premises following any foreclosure of the Mortgage, including Trustee or any purchaser at a trustee's or sheriff's sale of the Premises.

Notwithstanding anything to the contrary herein, Landlord and Tenant agree and acknowledge that Trustee, in acting under this Lease, acts not in its individual capacity but solely as Trustee under the Indenture and Trustee shall be entitled to the same rights, protections and immunities hereunder to which it is entitled as Trustee under the Indenture. In furtherance and not in limitation of the foregoing, the exercise of the rights of Trustee and the duties of Trustee hereunder, or under any assignment hereof to Trustee, shall be, in each and every case, subject to the express provisions of Articles VII and VIII of the Indenture; provided, that the Indenture shall not operate to limit Trustee's rights to compensation and indemnification provided hereunder.

**32.9 Gender and Number.** As used in this Lease, the masculine shall include the feminine and neuter, the feminine shall include the masculine and neuter, the neuter shall include the masculine and feminine, the singular shall include the plural and the plural shall include the singular, as the context may require.

**32.10 Nondiscrimination.** Tenant covenants by and for itself, its successors and assigns, and all persons claiming under or through it, and this Lease is made and accepted upon and subject to the following conditions: That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 1926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the Premises herein leased nor shall Tenant, or any person claiming under or through Tenant, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, sublessees, subtenants or vendees in the Premises herein leased.

**32.11 Recording; Memorandum of Lease.** Neither Landlord nor Tenant shall record this Lease without the written consent of the other; provided, however, that a Memorandum of this Lease in the form attached hereto as **EXHIBIT E** and by this reference incorporated herein shall be recorded upon the Effective Date.

**32.12 Amendment of Lease.** So long as the Bonds remain outstanding, any amendment of this Lease must comply with applicable provisions of the Indenture. Without limitation, Landlord and Tenant may, from time to time, amend this Lease to exclude any surplus portion of the Land as, in accordance with, Section 9.06 of the Indenture.

**32.13 Time Is of the Essence.** Time is of the essence in the performance of each party's obligations under this Lease. Each party will carry out its obligations under this Lease diligently and in good faith.

**33. Prevailing Wage.** Landlord shall cause the Developer to require the Contractors and subcontractors of such Contractors in connection with such contracts as may be let for construction of the Project to pay the prevailing wage, as defined under applicable California law, to the workers, laborers and mechanics as such prevailing wage may then be determined for the particular craft in the geographic area of the Premises.

**34. Authority.** By execution of this Lease, Landlord and Tenant represent that they have authority to enter into this Lease.

**35. Force Majeure.** Landlord and Tenant shall not be deemed in default with respect to the performance of any of the terms, conditions and covenants of this Lease (other than the payment of Rent or other amounts due hereunder) if Landlord's or Tenant's failure to perform shall be due to any strike, lockout, war, sabotage, governmental control or regulations, or act of God or other cause beyond the reasonable control of Landlord or Tenant, providing such cause is not due to the willful act or neglect of Landlord or Tenant. In the event either party is delayed or prevented from performing any of its respective obligations under this Lease (other than the payment of Rent or other amounts due hereunder) due to force majeure, then the time period for performance of such obligations shall be extended for the period of such delay. Nothing contained in this Section 35 shall be deemed to extend the Rent Commencement Date nor to excuse Tenant's obligation to pay Rent as and when required by the terms of this Lease.

**36. Failure to Achieve Substantial Completion of Project by Rent Commencement Date.** In the event that Substantial Completion of the Project is not achieved by the Rent Commencement Date, Tenant's obligation to pay Monthly Rent shall not be excused but the following provisions shall apply until such time as Substantial Completion is achieved.

**36.1 Enforcement of Development Agreement.** Landlord shall vigorously enforce the provisions of the Development Agreement, including, without limitation, Section 7(b), with regard to the failure of the Developer to cause Substantial Completion of the Project to occur by the Developer Obligation Date (as defined therein). Amounts received from Developer thereunder for the payment of debt service on the Bonds shall be deposited with the Trustee as provided under the Indenture. In the event that Landlord fails to vigorously enforce such Developer obligations and provided that Tenant is not then in default under this Lease, Tenant may undertake such enforcement pursuant to its third party beneficiary rights under the Development Agreement.

**36.2 Enforcement of General Construction Contract.** Landlord shall vigorously enforce the provisions of the General Construction Contract including, without limitation, provisions requiring the payment of liquidated damages in the event General Contractor fails to achieve completion of construction of the Project by the date set forth therein. Amounts received from General Contractor and available for payment of debt service on the Bonds shall be deposited with the Trustee as provided under the Indenture. In the event that Landlord fails to vigorously enforce such General Contractor obligations and provided that Tenant is not then in default under this Lease, Tenant may undertake such enforcement pursuant to its third party beneficiary rights under the General Construction Contract.

**36.3 Asset Management Fee Reduction.** Notwithstanding anything to contrary herein, until such time as Substantial Completion of the Project is achieved, Tenant shall have no obligation to pay the Asset Management Fee to Landlord.

DATED the date first above written.

LANDLORD:

**COMMUNITY DEVELOPMENT  
PROPERTIES LOS ANGELES COUNTY,  
INC.**, a California nonprofit public benefit  
corporation

By \_\_\_\_\_  
Name: John Finke  
Title: Vice President  
DATE: \_\_\_\_\_

STATE OF WASHINGTON }  
                                  } ss.  
COUNTY OF KING

On this day personally appeared before me John Finke, to me known to be the Vice President of **COMMUNITY DEVELOPMENT PROPERTIES LOS ANGELES COUNTY, INC.**, the California nonprofit public benefit corporation that executed the foregoing instrument, and acknowledged such instrument to be the free and voluntary act and deed of such nonprofit public benefit corporation, for the uses and purposes therein mentioned, and on oath stated that he was duly authorized to execute such instrument.

GIVEN UNDER MY HAND AND OFFICIAL SEAL this \_\_\_\_ day of \_\_\_\_\_, 2011.

\_\_\_\_\_  
Printed Name \_\_\_\_\_  
NOTARY PUBLIC in and for the State of Washington,  
residing at \_\_\_\_\_  
My Commission Expires \_\_\_\_\_

TENANT:

**COMMUNITY DEVELOPMENT  
COMMISSION OF THE  
COUNTY OF LOS ANGELES**

APPROVED AS TO FORM:

By \_\_\_\_\_

DATE: \_\_\_\_\_

By \_\_\_\_\_

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

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

DATE: \_\_\_\_\_

**California Certificate of Acknowledgment**

STATE OF CALIFORNIA }  
COUNTY OF \_\_\_\_\_ } ss.

On \_\_\_\_\_, 20\_\_\_\_, before me, \_\_\_\_\_,  
personally appeared \_\_\_\_\_, who proved to me on the basis of satisfactory evidence  
to be the person whose name is subscribed to the within instrument and acknowledged to me that [he/she] executed  
the same in [his/her] authorized capacity, and that by [his/her] signature on the instrument the person, or the entity  
upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is  
true and correct.

WITNESS my hand and official seal.

\_\_\_\_\_  
(Signature of California Notary Public)

**Additional Optional Information\***

\*Though the data below is not required by law, it may prove valuable to persons relying on the document and could  
prevent fraudulent reattachment of this form.

**DESCRIPTION OF ATTACHED DOCUMENT**

\_\_\_\_\_  
(Title or Description of Attached Document)

Number of Pages: \_\_\_\_\_  
Document Date: \_\_\_\_\_

\_\_\_\_\_  
(Additional Information)

**CAPACITY CLAIMED BY THE SIGNER**

- Individual
- Corporate Officer: \_\_\_\_\_  
(Title)
- Partner (Limited)
- Partner (General)
- Attorney-in-Fact
- Trustee
- Guardian/Conservator
- Other: \_\_\_\_\_

**SIGNER IS REPRESENTING:**     **Community Development Commission of the County of Los Angeles**

**SIGNER(S) OTHER THAN  
NAMED ABOVE:**



## **EXHIBIT A**

### **LAND**

Lots 1, 2, 3, 4, 5, 12, 13, 14, 15, 16 and 17 of Washington Irving Tract as recorded in Map Book 12, page 144 in the Office of the Los Angeles County Recorder.



**EXHIBIT B**

**SCHEDULE OF MONTHLY RENT**

**EXHIBIT C**  
**PRELIMINARY PLANS**

**EXHIBIT D-1**

**PROJECT SCHEDULE**

**EXHIBIT D-2**

**PROJECT BUDGET**

**EXHIBIT E**

**MEMORANDUM OF PROJECT LEASE**

## **EXHIBIT F**

### **DISPUTE RESOLUTION PROCEDURE**

In the event a dispute or claim in law or equity shall arise between the parties to this Lease, the parties agree to participate in neutral, non-binding mediation prior to the filing of litigation or any other legal action or any other proceeding before a trier of fact. Landlord or Tenant shall provide 30 days written notice to the other party of the desire to mediate. The mediation shall be conducted in Los Angeles County, California. Landlord and Tenant shall choose a mutually agreeable mediator within fifteen days of notice of the desire to mediate and shall thereafter attend the mediation in good faith. Agreements reached in mediation shall be enforceable as settlement agreements in any court having jurisdiction thereof. Mediation fees will be divided evenly between parties. By entering into this agreement, the parties are not waiving their right to a jury trial.

The parties recognize that mediation proceedings are settlement negotiations, and that all offers, promises, conduct and statements, whether written or oral, made in the course of the proceedings, are inadmissible in any arbitration or court proceeding, to the extent allowed by applicable state law. The parties agree to not subpoena or otherwise require the mediator to testify or produce records, notes or work product in any future proceedings, and no recording or stenographic record will be made of the mediation session. Evidence that is otherwise admissible or discoverable shall not be rendered inadmissible or non-discoverable as a result of its use in the mediation session. In the event the parties do reach a settlement agreement, the terms of that settlement will be admissible in any court or arbitration proceedings required to enforce it, unless the parties agree otherwise. Information disclosed to the mediator in a private caucus shall remain confidential unless the party authorizes disclosure.

If mediation is unsuccessful, either the Landlord or the Tenant may file litigation or any other legal action or proceeding pursuant to California law.

**EXHIBIT G**

**FORM OF NOTICE OF ELECTION  
OF  
OPTION TO PURCHASE**

**EXHIBIT H**

**FORM OF NOTICE OF ELECTION  
TO  
PARTIALLY PREPAY MONTHLY RENT**

**Schedule of Principal Components of Monthly Rent  
To Be Prepaid and Bonds To Be Redeemed**

Date Principal Component (of Monthly Rent) Due	Amount of Principal Component to be Prepaid*
---	---

\*Principal may be prepaid only in increments of \$\_\_\_\_\_.



## **EXHIBIT I**

### **MINIMUM INSURANCE AND INDEMNIFICATION REQUIREMENTS FOR DEVELOPER**

Community Development Commission of the County of Los Angeles and the Housing Authority of the County of Los Angeles are hereinafter collectively referred to as "Public Agencies." Without limiting Landlord or Developer's indemnifications of the Public Agencies provided in this Agreement, Developer and/or the entities with which Developer contracts, shall procure and maintain at their own expense the insurance described in this section for the duration of this Agreement, unless otherwise set forth herein. Such insurance shall be secured from carriers admitted in California, authorized to do business in California, and in good standing with the California Secretary of State and the California Department of Insurance. Such carriers must be approved by the California Department of Insurance, or must be included on the California Department of Insurance List of Eligible Surplus Line Insurers (hereinafter "LES LI" list). Such carriers must have a minimum rating of or equivalent to A:VIII in A.M. Best's Insurance Guide. Developer shall, concurrent with the execution of the Development Agreement, deliver to the Public Agencies certificates of insurance with original policy form endorsement(s) evidencing the Commercial General Liability and Business Automobile Liability insurance as required by this Agreement. If original endorsements are not immediately available, such endorsements may be delivered subsequent to the execution of this Agreement, but no later than thirty (30) days following execution of this Agreement. Developer shall deliver satisfactory evidence of Property insurance and Workers' Compensation insurance, at such time that such exposures are at risk, but in no event later than the close of escrow as required by this Agreement. Developer shall deliver satisfactory evidence of Professional Liability insurance once the Design Professionals ("DP") are hired for the project, or Developer begins to provide professional services, whichever comes first. (For purpose of these insurance requirements and indemnity provisions, "DP" shall include, but not be limited to, the following: architects, structural engineers, civil engineers, geotechnical engineers and environmental consultants.) In the event that the DP has been contracted or has substantially or fully completed their work prior to the execution of this Agreement, Public Agencies may waive this requirement. The aforementioned certificate(s) or evidence of insurance shall be signed by a person authorized by the insurers to bind coverage on its behalf. Endorsements shall be issued by the insurance company on the applicable policy form as required by this Agreement. The Public Agencies reserve the right to require complete certified copies of all policies at any time. Said insurance shall be in a form acceptable to the Public Agencies and may provide for such deductible(s) or self-insured retentions(s) as may be acceptable to the Public Agencies. In the event such insurance does provide for deductible(s) or self-insured retention(s), Developer agrees that it and/or the entities with which it contracts, will defend, indemnify and hold harmless the Public Agencies, its elected and appointed officers, officials, representatives, employees, and agents in the same manner as they would have been defended, indemnified and held harmless if no such deductible(s) or self-insured retention(s) under any applicable policy had been in effect.

Each such Certificate shall endeavor, as reasonably available in the marketplace, that the Public Agencies are to be given at least thirty (30) days written notice in advance of any

cancellation for any policy of insurance required herein, excepting ten (10) days written notice for non-payment of premium. Developer shall give the Public Agencies notice of any insurance claim or loss which may be covered by insurance as soon as practicable. Developer represents and warrants that the insurance coverage required herein will be required of Developer's contracted third parties, including but not limited to, general contractors, subcontractors, architects and engineers. Contractual obligations entered into or fully performed prior to the execution of this Agreement may not be subject to these requirements. All Certificates of Insurance and Additional Insured Endorsements shall carry the following identifier CDC Alhambra.

The aforementioned insurance policies shall be primary with respect to the Public Agencies, except when the Developer executed a contract subject to this clause before this Agreement is executed. The aforementioned insurance policies shall contain a waiver of subrogation, where reasonably available in the marketplace, for the benefit of the Public Agencies. Failure on the part of Developer and/or any entities with which Developer contracts, to procure or maintain the insurance coverage required herein may constitute a material breach of this Agreement, as determined by Public Agencies, pursuant to which the Public Agencies may immediately terminate this Agreement and exercise all other rights and remedies set forth herein, at its sole and absolute discretion, and without waiving such default or limiting the rights or remedies of the Public Agencies, procure or renew such insurance and pay any and all premiums in connection therewith and all monies so paid by the Public Agencies shall be immediately repaid by the Developer to the Public Agencies, upon demand, including interest thereon at the default rate. In the event of such a breach, the Public Agencies shall have the right, at its sole election, to participate in and control any insurance claim adjustment or dispute with the insurance carrier to the extent permitted by the insurance policy form. Developer's failure to assert or delay in asserting any claim shall not diminish or impair the Public Agencies' rights against the Developer or the insurance carrier to the extent permitted by the insurance policy form.

Developer and/or specified entities with which Developer contracts shall procure and maintain, at their expense, for the duration of this Agreement unless otherwise set forth herein the following insurance against claims for injuries to persons or damage to property which may arise from or in connection with performance under this Agreement.:

- (1) ***Commercial General Liability Insurance (CGL):***
  - (a) Developer shall provide CGL in an amount not less than One Million Dollars (\$1,000,000) each occurrence and Two Million Dollars (\$2,000,000) in the annual aggregate. Such coverage shall include protection for bodily injury, property damage, personal and advertising injury. Such coverage shall be primary to any insurance carried by Public Agencies, and shall provide additional insured status in favor of The Public Agencies and their elected and appointed officers, officials, representatives, employees, and agents.
  - (b) Developer's General Contractor shall provide CGL in an amount not less than One Million Dollars (\$1,000,000) each occurrence and Two Million

Dollars (\$2,000,000) in the annual aggregate. Such coverage shall include protection for bodily injury, property damage, personal and advertising injury and products & completed operations. Such coverage shall be primary to any insurance carried by Public Agencies, and shall provide additional insured status in favor of Developer and The Public Agencies, their elected and appointed officers, officials, representatives, employees, and agents. Developer's general contractor shall require the same form and limits of insurance from all tiers of subcontractors with which it contracts.

(2) **Professional Liability Insurance:** Developer's design professional ("DP") shall provide evidence of "architects and engineers" professional liability insuring DP against professional errors and omissions in an amount not less than One Million Dollars (\$1,000,000) each occurrence. If such insurance is provided on a "claims made" policy form, such coverage shall also contain a retroactive date which is no later than the execution date of this Agreement, which retroactive date shall be maintained for a period of not less than four (4) years after issuance of the Certificate of Substantial Completion has been obtained by Developer with respect to the Property, and Developer has provided Public Agencies with evidence of such. In the event that Developer provides any professional services, Developer shall be required to maintain the professional liability insurance set forth above. In the event that the contract for professional services for purposes of this Agreement has already been entered into, or the professional services have been substantially or fully performed, Public Agencies may waive this requirement.

(3) **Property Insurance:** Based upon the specifics of the Project, the Public Agencies have the right to require Developer to obtain either "Basic Form" or "Special form" property insurance as follows:

a. "Special Form" perils property insurance coverage shall be provided for both Builders Risk (course of construction) and completed operational property. All builders risk insurance shall provide coverage against theft, vandalism, malicious mischief, collapse, false work, temporary buildings on site, theft and vandalism to construction materials, building materials in transit and debris removal including demolition occasioned by enforcement of any applicable building codes. The amount of the property coverage shall at all times meet or exceed the full replacement value of materials supplied or installed by others and all existing structures, improvements and fixtures on the Property. There shall not be a "co-insurance" clause and Developer agrees to waive any co-insurance clause **to the full extent described in the insurance policy form.** If a co-insurance waiver is not commercially available at reasonable rates, "Public Agencies" may waive this requirement. Said insurance shall be maintained for the duration of this Agreement. The Public Agencies and their elected and appointed officers, officials, representatives, employees, and agents shall be named as loss payees on such policy.

b. If "Special Form" is not available from Developer's underwriters due to market conditions or unreasonable costs, or Public Agencies determine "Basic Form" is preferred, "Basic Form" may be obtained in lieu of "Special Form." "Basic Form" insurance coverage shall include, without limitation, insurance against the perils of fire and physical loss of damage including, without duplication of coverage, vandalism, malicious mischief and extended

coverage. The amount of the property coverage shall at all times meet or exceed the actual cash value (“ACV”) of all existing structures, improvements and fixtures on the Property. Said insurance shall be maintained for the duration of this Agreement. The Public Agencies and their elected and appointed officers, officials, representatives, employees, and agents shall be named as loss payees on such policy.

c. Flood Insurance – Flood Insurance shall be maintained for any project located in a Special Flood Hazard Area. The flood insurance shall provide coverage in an amount that at all times meets or exceeds the full replacement value of materials supplied or installed by others and all existing structures, improvements and fixtures on the Property, or the maximum limit available through the National Flood Insurance Program (NFIP), whichever is greater.

(4) ***Workers’ Compensation and Employer’s Liability:*** shall be maintained by Developer protecting all employees of Developer. Developer shall require this same protection from all entities with which Developer contracts. Workers compensation insurance shall be in an amount and in such form as to meet all applicable requirements of the Labor Code of the State of California; employers liability shall be in an amount not less than One Million Dollars (\$1,000,000) each accident and disease. Said entities shall maintain the insurance for the duration of his Agreement or the duration of the construction that is the subject of their contracts with Developer, whichever is greater.

(5) ***Business Automobile Liability:*** coverage shall be maintained by Developer, and any specified entities with which Developer contracts, for claims arising out of the ownership, maintenance or use of any motor vehicle whether owned, non owned or hired, with a combined single limit of One Million Dollars (\$1,000,000) each accident for bodily injury and property damage. Business automobile liability insurance required in this section shall be maintained for the duration of this Agreement or the duration of the construction operations that is the subject of their contracts with Developer, whichever is greater. The Public Agencies and their elected and appointed officers, officials, representatives, employees, and agents shall be included as additional insureds on such policies, if reasonably available.

## **INDEMNITY**

Developer agrees to indemnify, defend and hold harmless the Public Agencies, and their elected and appointed officials, officers, representatives, employees, and agents (hereinafter collectively referred to as “Agents”), from and against any and all liability, demands, damages, claims, causes of action, fees (including reasonable attorneys’ fees and costs and expert witness fees), and expenses, including, but not limited to, claims for bodily injury, property damage, and death (hereinafter collectively referred to as “Liabilities”), that arise out of, pertain to, or relate to this Agreement and the Development Agreement for this Project, the services and/or materials provided pursuant to this Agreement, the Property, or Project. Developer shall not be required to indemnify, defend, and hold harmless the Public Agencies and its Agents from any Liabilities that arise from the sole negligence or willful misconduct of the Public Agencies, Public Agencies’ agents, servants, or independent contractors who are directly responsible to the Public Agencies. Such indemnification language shall also be incorporated in Contractor’s contracts with entities that Developer has contracted with for purposes of this agreement in favor of the

Public Agencies, except for DPs, however Public Agencies may waive this requirement in the event that such contracts were entered into prior to the execution of this Agreement.

In the event that Developer is acting as a Design Professional, Developer further agrees to indemnify, defend and hold harmless the Public Agencies and their Agents from and against any and all Liabilities that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of Developer for the performance of professional services pertaining to this Agreement. Such indemnification language, in favor of the Public Agencies, shall also be incorporated in Developer's contracts with any Design Professionals in favor of the Public Agencies, however Public Agencies may waive this requirement in the event that such contracts were entered into prior to the execution of this Agreement.

These indemnification provisions shall remain in full force and effect and survive the termination and/or expiration of this Agreement. Developer agrees to require, through its contractual language, any entities with which it contracts to agree to and abide by the above mentioned indemnification requirements in favor of the Public Agencies, as applicable to each of them.

## **EXHIBIT J**

### **MINIMUM INSURANCE REQUIREMENTS FOR GENERAL CONTRACTOR**

Community Development Commission of the County of Los Angeles, the Housing Authority of the County of Los Angeles, and Community Development Properties Los Angeles County, Inc. are hereinafter collectively referred to as "Public Agencies." Without limiting Contractor's indemnifications of the Public Agencies provided in this Agreement, Contractor and/or the entities with which Contractor contracts, shall procure and maintain at their own expense the insurance described in this section for the duration of the Construction Agreement, unless otherwise set forth herein. Such insurance shall be secured from carriers admitted in California, authorized to do business in California, and in good standing with the California Secretary of State and the California Department of Insurance. Such carriers must be approved by the California Department of Insurance, or must be included on the California Department of Insurance List of Eligible Surplus Line Insurers (hereinafter "LESLI" list). Such carriers must have a minimum rating of or equivalent to A:VIII in A.M. Best's Insurance Guide. Contractor shall, concurrent with the execution of the Construction Agreement, deliver to the Public Agencies certificates of insurance with original policy form endorsement(s) evidencing the Commercial General Liability and Business Automobile Liability insurance as required by the Construction Agreement. If original endorsements are not immediately available, such endorsements may be delivered subsequent to the execution of this Agreement, but no later than thirty (30) days following execution of this Agreement. Contractor shall deliver satisfactory evidence of Property insurance and Workers' Compensation insurance, at such time that such exposures are at risk, but in no event later than the close of escrow as required by this Agreement. The aforementioned certificate(s) or evidence of insurance shall be signed by a person authorized by the insurers to bind coverage on its behalf. Endorsements shall be issued by the insurance company on the applicable policy form as required by this Agreement. The Public Agencies reserve the right to require complete certified copies of all policies at any time. Said insurance shall be in a form acceptable to the Public Agencies and may provide for such deductible(s) or self-insured retentions(s) as may be acceptable to the Public Agencies. In the event such insurance does provide for deductible(s) or self-insured retention(s), Contractor agrees that it and/or the entities with which it contracts, will defend, indemnify and hold harmless the Public Agencies, its elected and appointed officers, officials, representatives, employees, and agents in the same manner as they would have been defended, indemnified and held harmless if no such deductible(s) or self-insured retention(s) under any applicable policy had been in effect.

Each such Certificate shall endeavor, as reasonably available in the marketplace, that the Public Agencies are to be given at least thirty (30) days written notice in advance of any cancellation for any policy of insurance required herein, excepting ten (10) days written notice for non-payment of premium. Contractor shall give the Public Agencies notice of any insurance claim or loss which may be covered by insurance as soon as practicable. Contractor represents and warrants that the insurance coverage required herein will be required of Contractor's contracted third parties, including but not limited to, general contractors, subcontractors,

architects and engineers. Contractual obligations entered into or fully performed prior to the execution of the Construction Agreement may not be subject to these requirements. All Certificates of Insurance and Additional Insured Endorsements shall carry the following identifier CDC Alhambra.

The aforementioned insurance policies shall be primary with respect to the Public Agencies, except when the Contractor executed a contract subject to this clause before this Agreement is executed. The aforementioned insurance policies shall contain a waiver of subrogation, where reasonably available in the marketplace, for the benefit of the Public Agencies. Failure on the part of Contractor and/or any entities with which Contractor contracts, to procure or maintain the insurance coverage required herein may constitute a material breach of this Agreement, as determined by Public Agencies, pursuant to which the Public Agencies may immediately terminate the Construction Agreement and exercise all other rights and remedies set forth herein, at its sole and absolute discretion, and without waiving such default or limiting the rights or remedies of the Public Agencies, procure or renew such insurance and pay any and all premiums in connection therewith and all monies so paid by the Public Agencies shall be immediately repaid by the Contractor to the Public Agencies, upon demand, including interest thereon at the default rate. In the event of such a breach, the Public Agencies shall have the right, at its sole election, to participate in and control any insurance claim adjustment or dispute with the insurance carrier to the extent permitted by the insurance policy form. Contractor's failure to assert or delay in asserting any claim shall not diminish or impair the Public Agencies' rights against the Contractor or the insurance carrier to the extent permitted by the insurance policy form.

Contractor and/or specified entities with which Contractor contracts shall procure and maintain, at their expense, for the duration of this Agreement unless otherwise set forth herein the following insurance against claims for injuries to persons or damage to property which may arise from or in connection with performance under this Agreement.:

- (1) ***Commercial General Liability Insurance (CGL):***
  - (a) Contractor shall provide CGL in an amount not less than Five Million Dollars (\$5,000,000) each occurrence and Five Million Dollars (\$5,000,000) in the annual aggregate. Such coverage shall include protection for bodily injury, property damage, personal and advertising injury. Such coverage shall be primary to any insurance carried by Public Agencies, and shall provide additional insured status in favor of The Public Agencies and their elected and appointed officers, officials, representatives, employees, and agents.
  - (b) Contractor's subcontractors shall provide CGL in an amount not less than One Million Dollars (\$1,000,000) each occurrence and Two Million Dollars (\$2,000,000) in the annual aggregate. Such coverage shall include protection for bodily injury, property damage, personal and advertising injury and products & completed operations. Such coverage shall be primary to any insurance carried by Public Agencies, and shall provide additional insured status in favor of The Public Agencies, their elected and

appointed officers, officials, representatives, employees, and agents. Contractor shall require the same form and limits of insurance from all tiers of subcontractors with which it contracts.

(2) ***Workers' Compensation and Employer's Liability:*** shall be maintained by Contractor protecting all employees of Contractor. Contractor shall require this same protection from all entities with which Contractor contracts. Workers compensation insurance shall be in an amount and in such form as to meet all applicable requirements of the Labor Code of the State of California; employers liability shall be in an amount not less than One Million Dollars (\$1,000,000) each accident and disease. Said entities shall maintain the insurance for the duration of his Agreement or the duration of the construction that is the subject of their contracts with Contractor, whichever is greater.

(3) ***Business Automobile Liability:*** coverage shall be maintained by Contractor, and any specified entities with which Contractor contracts, for claims arising out of the ownership, maintenance or use of any motor vehicle whether owned, non owned or hired, with a combined single limit of One Million Dollars (\$1,000,000) each accident for bodily injury and property damage. Business automobile liability insurance required in this section shall be maintained for the duration of this Agreement or the duration of the construction operations that is the subject of their contracts with Contractor, whichever is greater. The Public Agencies and their elected and appointed officers, officials, representatives, employees, and agents shall be included as additional insureds on such policies, if reasonably available.

## **INDEMNITY**

Contractor agrees to indemnify, defend and hold harmless the Public Agencies, and their elected and appointed officials, officers, representatives, employees, and agents (hereinafter collectively referred to as "Agents"), from and against any and all liability, demands, damages, claims, causes of action, fees (including reasonable attorneys' fees and costs and expert witness fees), and expenses, including, but not limited to, claims for bodily injury, property damage, and death (hereinafter collectively referred to as "Liabilities"), that arise out of, pertain to, or relate to this Construction Agreement, the services and/or materials provided pursuant to this Agreement, the Property, or Project. Contractor shall not be required to indemnify, defend, and hold harmless the Public Agencies and its Agents from any Liabilities that arise from the sole negligence or willful misconduct of the Public Agencies, Public Agencies' agents, servants, or independent contractors who are directly responsible to the Public Agencies. Such indemnification language shall also be incorporated in Contractor's contracts with subcontractors.



## **EXHIBIT K**

### **MINIMUM INSURANCE REQUIREMENTS FOR LANDLORD**

Without limiting Landlord's indemnifications provided in this Lease, Landlord shall procure and maintain, at Landlord's expense for the duration of this Lease, the insurance policies described herein. Such insurance shall be secured from carriers admitted in California, or authorized to do business in California. Such carriers shall be in good standing with the California Secretary of State's Office and the California Department of Insurance. Such carriers must be approved by the California Department of Insurance and must be included on the California Department of Insurance List of Eligible Surplus Line Insurers (hereinafter "LESLI").

Such carriers must have a minimum rating of or equivalent to A:VIII in Best's Insurance Guide. Landlord shall, concurrent with the execution of this Lease, deliver to Tenant certificates of insurance with original endorsements evidencing the insurance coverage required by this Lease. If original endorsements are not immediately available, such endorsements may be delivered subsequent to the execution of this Lease, but no later than thirty (30) days following execution of this Lease. The certificates and endorsements shall be signed by a person authorized by the insurers to bind coverage on its behalf. Tenant reserves the right to require complete certified copies of all policies at any time.

Said insurance shall be in a form acceptable to Tenant and may provide for such deductibles as may be acceptable to Tenant. Any self-insurance program and self-insured retention must be separately approved by Tenant. In the event such insurance does provide for deductibles or self-insurance, Landlord agrees that it will defend, indemnify and hold harmless the Tenant, HA, County, and each of their elected and appointed officers, officials, representatives, employees, and agents in the same manner as they would have been defended, indemnified and held harmless if full coverage under any applicable policy had been in effect. Each such certificate shall stipulate that the Tenant be given at least thirty (30) days' written notice in advance of any cancellation or any reduction in limit(s) for any policy of insurance required herein.

Landlord shall give Tenant immediate notice of any insurance claim or loss which may be covered by insurance. Landlord represents and warrants that the insurance coverage required herein will also be provided by any entities with which Landlord contracts, as detailed below. All certificates of insurance and additional insured endorsements shall carry the following identifier: \_\_\_\_\_.

The insurance policies set forth herein shall be primary insurance with respect to Tenant. The insurance policies shall contain a mutual waiver of subrogation for the benefit of both parties. Failure on the part of Landlord, and/or any entities with which Landlord contracts, to procure or maintain the insurance coverage required herein may, upon Tenant's sole discretion, constitute a material breach of this Lease pursuant to which Tenant may exercise all rights and remedies set forth herein, at its sole and absolute discretion, and without waiving such default or

limiting the rights or remedies of Tenant, procure or renew such insurance and pay any and all premiums in connection therewith and all monies so paid by Tenant shall be immediately repaid by Landlord to Tenant upon demand including interest thereon at the default rate. In the event of such a breach, Tenant shall have the right, at its sole election, to participate in and control any insurance claim, adjustment, or dispute with the insurance carrier. Landlord's failure to assert or delay in asserting any claim shall not diminish or impair Tenant's rights against Landlord or the insurance carrier.

When Landlord is naming Tenant as an additional insured on any of the insurance policies set forth herein, then the additional insured endorsement shall contain language similar to the language contained in ISO form CG 20 10 10 01. When any entity with which Landlord is contracting, is naming Tenant as an additional insured on any of the insurance policies set forth herein, then the additional insured endorsement shall contain language similar to the language contained in ISO form CG 20 10 11 85.

The following insurance policies shall be maintained by Landlord and any entity with which Landlord contracts for the duration of this Lease, unless otherwise set forth herein:

A. GENERAL LIABILITY INSURANCE (written on ISO policy form CG 00 01 or its equivalent) with limits of not less than the following (including any applicable excess coverage as well as primary coverage):

General Aggregate	\$2,000,000
Products/Completed Operations Aggregate	\$2,000,000
Personal and Advertising Injury	\$2,000,000
Each Occurrence	\$1,000,000

The Tenant, HA, County, and each of their elected and appointed officers, officials, representatives, employees, and agents, shall be named as additional insureds on such policy.

Note: The General Construction Contract and the Development Agreement entered into by Landlord shall require \$5,000,000 limits for the above-described coverages.

B. AUTOMOBILE LIABILITY INSURANCE (written on ISO policy form CA 00 01 or its equivalent) with a limit of liability of not less than \$1,000,000 for each incident. Such insurance shall include coverage of all "owned", "hired" and "non-owned" vehicles, or coverage for "any auto".

C. WORKERS' COMPENSATION and EMPLOYER'S LIABILITY insurance providing workers' compensation benefits, as required by the Labor Code of the State of California. In all cases, the above insurance also shall include Employer's Liability coverage with limits of not less than the following:

Each Accident	\$1,000,000
Disease-policy limit	\$1,000,000
Disease-each employee	\$1,000,000

D. PROFESSIONAL LIABILITY INSURANCE. If Landlord is not providing professional services, then the Tenant may waive this requirement as to Landlord. In any event, Landlord shall require that any entity with which it contracts for the provision of professional services in relation to this Lease or the Project, shall maintain professional liability insurance coverage for errors and omissions, in an amount not less than \$2,000,000. Said insurance shall be maintained for the statutory period during which the professional may be exposed to liability.

E. BUILDERS RISK INSURANCE. Tenant may waive this requirement as to Landlord. In any event, Landlord shall require that Developer and/or General Contractor with which it contracts in relation to the Project, shall maintain [Insurance Services Office form number (CP 00 02 Ed. 10-90)] Builders All Risk Coverage Form covering all work to be done on the Project for the full 100% replacement cost of all such improvements. Coverage shall be provided for (i) the perils of [earth movement] and flood; (ii) resultant damage from errors in design, plans, specifications, faulty workmanship, materials and construction; (iii) “extra expense”; (iv) all materials to be stored offsite and while in transit to the jobsite; (v) “cold testing” of all building systems; (vi) owner’s and developer’s loss of use of the Project due to delays in Project completion caused by covered peril losses to the Project, including loss of income and rents and soft costs such as interest on the Bonds, real estate taxes and insurance premiums; (vii) the increased cost of construction, debris removal and demolition due to the operation of building laws and code upgrades; and (viii) direct physical damage to the Project and loss of use caused by an off premises power interruption. Coverage shall not be provided for tenant’s personal property and art not installed by General Contractor. The policy shall include a waiver of subrogation provision, shall grant permission for partial occupancy of the facilities without having a detrimental effect on the coverage provided, and shall contain a separate debris removal limit of liability which is separate from, in addition to, and not part of the overall policy limit of liability. Notwithstanding the foregoing, Developer and/or General Contractor (as applicable) shall have the required Builder’s Risk Policy in place no later than commencement of construction. The Builder’s Risk Policy shall include Developer, General Contractor and its subcontractors, subconsultants, other contractors, other consultants, owner, and Tenant as insureds in an amount equal to their interest with a loss payable clause in favor of Trustee. Developer and/or General Contractor (as applicable) shall keep the Builder’s Risk Policy in place from commencement of construction of the Project.

F. POLLUTION LIABILITY INSURANCE. If Landlord is not providing construction services, then Tenant may waive this requirement as to Landlord. In any event, Landlord shall require that any entity with which it contracts for the provision of construction services in relation to the Project, shall maintain pollution liability insurance coverage, including coverage for bodily injury, property damages, and environmental damage with limits of not less than the following (for this purpose, “construction services” shall not include development management services or architectural services):

General Aggregate	\$ 5,000,000
Completed Operations	\$ 5,000,000
Each Occurrence	\$ 5,000,000

Said policy shall also include, but not be limited to: coverage for any and all remediation costs, including, but not limited to, restoration costs, and coverage for the removal, repair,

handling, and disposal of asbestos and/or lead-containing materials. Tenant, HA, County, and each of their elected and appointed officers, officials, representatives, employees, and agents, shall be named as additional insureds on such policy. If the general liability insurance policy and/or the pollution liability insurance policy are written on a claims-made form, then said policy or policies shall also comply with all of the following requirements:

- (i) The retroactive date must be shown on the policy and must be before the date of this Lease or the beginning of any services or work on the Project;
- (ii) Insurance must be maintained and evidence of insurance must be provided for the duration of this Lease or for five (5) years after completion of the Project, whichever is greater;
- (iii) If coverage is canceled or non-renewed, and not replaced with another claims-made policy form with a retroactive date prior to the effective date of this Lease, then the contractor, consultant, or entity providing services or work covered by this policy must purchase an extended period coverage for a minimum of five (5) years after completion of the Project;
- (iv) A copy of the claims reporting requirements must be submitted to Tenant for review; and
- (v) If any services or work provided on the Project involves lead-based paint or asbestos identification/remediation, then the Contractors Pollution Liability shall not contain any lead-based paint or asbestos exclusions.