



**Chief  
Executive  
Office.**

**COUNTY OF LOS ANGELES**

Kenneth Hahn Hall of Administration  
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**CHIEF EXECUTIVE OFFICER**

Fesia A. Davenport

"To Enrich Lives Through Effective and Caring Service"

June 4, 2024

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

Dear Supervisors:

**VERMONT CORRIDOR SITE 2 RENOVATION PROJECT:  
PROJECT ESTABLISHMENT AND RELATED ACTIONS,  
CERTIFY AN ADDENDUM TO THE FINAL ENVIRONMENTAL IMPACT REPORT,  
AUTHORIZE GROUND LEASE AND FACILITIES LEASE AGREEMENTS,  
INTRODUCE AN ORDINANCE AUTHORIZING A PUBLIC LEASEBACK,  
ADOPT RESOLUTION AUTHORIZING ISSUANCE OF BONDS,  
AND AUTHORIZE AN APPROPRIATION ADJUSTMENT  
FISCAL YEAR 2023-24  
(SECOND DISTRICT) (4-VOTES)**

**SUBJECT**

Adoption of the recommendations in this letter relate to the proposed development of County-owned property in the area known as the Vermont Corridor, located on and around South Vermont Avenue between 4th and 6th Streets in the City of Los Angeles.

Specifically, this letter recommends actions to certify an Addendum to the Final Environmental Impact Report (FEIR) for the Vermont Corridor Project; authorize the Vermont Corridor Site 2 Renovation project (Project) and establish the Vermont Corridor Site 2 Renovation, Capital Project No. 87802 (CP No. 87802); introduce an ordinance authorizing execution of the proposed Ground Lease and Facilities Lease Agreements (Lease Agreements) between the County and Los Angeles County Facilities 2 Inc. (LACF2), for the proposed approximately 243,000-square-foot County administrative office building to be built by renovating and expanding the vacated former Department of Mental Health (DMH) headquarters, located at 550 South Vermont Avenue, and demolishing the existing four-story,

**ADOPTED**

BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

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52,000-square-foot, vacated former Department of Workforce Development, Aging and Community Services (WDACS) headquarters, located at 3175 West 6th Street (collectively, Site 2) to serve as a County administration office building including public serving uses and ancillary retail; and authorize the execution, upon completion of negotiations, of the proposed Lease Agreements, including any ancillary documents. This letter also authorizes an appropriation adjustment for Project costs to be funded directly by the County; adopts the resolution authorizing the issuance of tax-exempt and federally taxable bonds by LACF2, on behalf of the County; authorizes the Chief Executive Officer, or her designee, to take all related actions to implement and lease the Project; and determine the Project to be deemed a "Covered Project" under the County's current Community Workforce Agreement (CWA).

**IT IS RECOMMENDED THAT THE BOARD:**

1. Certify that the Addendum to the previously certified FEIR for the adopted Vermont Corridor Project has been completed in compliance with the California Environmental Quality Act (CEQA) and reflects the independent judgment and analysis of the County; find that the Board has reviewed and considered the information contained in the Addendum together with the previously certified FEIR, prior to authorizing the project described herein, and authorize the Addendum.
2. Authorize the proposed Project at Site 2 and establish the Vermont Corridor Site 2 Renovation, CP No. 87802, to fund project costs that are directly funded by the County, for owner's representative/project management services, legal services, and potential soil remediation activities.
3. Authorize the proposed Lease Agreements for Site 2, in substantially the forms enclosed, pursuant to which the County will lease and leaseback properties located at 550 South Vermont Avenue and 3175 West 6th Street, for the financing and renovation of an approximately 243,000-square-foot office building to serve as a County administration office building including public serving uses and ancillary retail, and delegate authority to the Chief Executive Officer, or her designee, to execute the proposed Lease Agreements for Site 2 between the County and LACF2, including any ancillary documents and to execute any future amendments to the agreements thereto that may be necessary to implement the terms set forth therein, subject to County Counsel clearance as to form.
4. Introduce, waive reading, and place on the agenda for adoption, the enclosed Ordinance authorizing the public leaseback transaction contemplated by the proposed Lease Agreements for Site 2 pursuant to Government Code Section 54241.

5. Authorize an appropriation adjustment transferring \$500,000 from the completed Vermont Corridor County Administration Building, CP No. 69950, and \$2,500,000 from the Various Refurbishment Mitigation/Remediation, CP No. 86612, to the Vermont Corridor Site 2 Renovation, CP No. 87802, for owner's representative/project management services, legal services, and potential soil remediation activities.
6. Adopt a resolution authorizing the financing plan for the proposed Site 2 Project and the issuance and sale of bonds by LACF2 on a tax-exempt and taxable basis on behalf of the County to finance the proposed Site 2 Project costs with a Guaranteed Maximum Price (GMP) of \$210,000,000, plus capitalized interest and costs of issuance for the transaction in an aggregate principal amount not to exceed \$260,000,000, and authorize the County to accept title to Site 2 and any improvements thereon upon payment or defeasance in full of such bonds and to execute and deliver various legal documents relating to the issuance of the Bonds, and related actions.
7. Authorize the Chief Executive Officer, or her designee, to execute any additional transactional documents cleared as to form by County Counsel and take any other actions and execute any other documents cleared as to form by County Counsel consistent with, and/or necessary for the implementation of the foregoing recommended actions.
8. Determine at the Board's discretion, that the Project shall be deemed a "Covered Project" to which the County's current CWA shall apply.
9. Authorize TCLA Development, Inc. (TCLA, aka Trammell Crow Company) to perform all administrative duties of the County that are required to be performed by the CWA.

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

The recommended actions will certify the Addendum to the previously certified FEIR for the Vermont Corridor Project; authorize the renovation and expansion of the County-owned and vacated former DMH headquarters located at 550 South Vermont Avenue and the demolition of the vacated former WDACS headquarters and adjacent two-story parking structure located at 3175 West 6th Street; establish the capital project; authorize execution of the proposed Lease Agreements for Site 2 and related financing documents to facilitate the financing of the renovation of Site 2; authorize an appropriation adjustment to fund County's Site 2 Project expenses; introduce an Ordinance (Enclosure B) authorizing the public leaseback of Site 2 to LACF2; adopt a resolution (Enclosure A) authorizing the financing plan for Site 2 and the issuance and sale of bonds by LACF2 on the County's behalf to finance the Site 2 Project; authorize the Chief Executive Officer, or her designee, to execute any

transactional documents necessary for the proposed Site 2 Project; and determine the Project is deemed a "Covered Project" under the County's current CWA and authorize TCLA to perform all administrative duties required under the CWA.

## Background

The proposed Site 2 Project is within an area designated as the Vermont Corridor, which is an approximately 12-mile segment between Hollywood Boulevard and 120th Street. The Vermont Corridor is home to multiple businesses and connects to several bus and Metro rail lines making it a key transit center. The genesis of the redevelopment of the County-owned properties within the Vermont Corridor area was because of the degraded conditions of the buildings and associated impacts on County staff and operations, and contribution to blight within the general area. Redevelopment of the County-owned parcels in a transit-oriented location makes it ideal for County staff commuting to work.

On January 28, 2014, the Board adopted a motion to begin predevelopment activities for several County-owned buildings in the Vermont Corridor, specifically at the following locations:

- Site 1: 510, 526, 532 South Vermont Avenue and 523 Shatto Place
- Site 2: 550 South Vermont Avenue and 3175 West 6th Street
- Site 3: 433 South Vermont Avenue

Following issuance of a Request for Proposals in August 2015 and on August 9, 2016, the Board authorized the County to proceed with predevelopment activities and start negotiations with Los Angeles County Facilities Inc., for a new, approximately 400,000-square-foot DMH headquarters facility at 510 South Vermont Avenue, and construction of a new parking structure at 523 Shatto Place (Site 1), to enter into negotiations in the future with TCLA for the development of the mixed-use, market-rate housing at 550 South Vermont Avenue and 3175 West 6th Street (Site 2), and affordable senior housing at 433 South Vermont Avenue (Site 3).

On May 22, 2018, the Board certified the FEIR for all three sites and introduced an ordinance for adoption authorizing execution of the Lease Agreements for Site 1. To date, both Sites 1 and 3 have been developed. The Site 1 project was delivered on schedule and substantially under budget, which highlights the effectiveness and prudence of the County's delivery approach through the Public-Private Partnership process. On October 7, 2021, a Certificate of Occupancy was issued for Site 1. The building is currently occupied by DMH, Departments of Children and Family Services, Human Resources Exam Unit, Economic Opportunity, and Aging and Disabilities, Second District area office, and the Executive Office's Human Immunodeficiency Virus and Human Relations Commissions. With the increase in teleworking, additional County departments and entities were able to occupy the building beyond what was

initially proposed for Site 1. In March 2023, a Temporary Certificate of Occupancy was issued for Site 3. The development provides 72 units of high-quality affordable housing for seniors, with 50 percent of those units being available for the most vulnerable seniors, 116 underground parking spaces, and a community recreation center.

On June 14, 2022, the Board adopted a change in scope of development for Site 2 from mixed-use, market-rate housing to an approximately 243,000-square-foot County administrative office building by renovating and expanding the County-owned and vacated former DMH headquarters, located at 550 South Vermont Avenue; and demolishing the vacated former WDACS headquarters, located at 3175 West 6th Street and the adjacent two-story parking structure. The proposed County administrative office building will replace more than 200,000-square-feet of County leased space within three miles of the Project with termination dates within a year of the projected completion of Site 2. There are also current and forthcoming challenges with some of the existing leases that would preclude the County from future extensions, such as the landlord's desire to convert existing office space to residential, and/or the County's desire to vacate leases. Additionally, with the shift of the work environment to a hybrid of in-person and telework for various County departments, this relocation will allow the newly relocated programs the opportunity to effectively plan, manage, and maintain office space and staff presence. Furthermore, the Board designated the Chief Executive Office (CEO) to manage the pre-development and oversee the development of Site 2, and authorized the Chief Executive Officer, or her designee, to negotiate and execute a Pre-Development Agreement with LACF2.

### Proposed Project

The proposed Project is intended to reduce the County's lease footprint by relocating departments from leased facilities to a County-owned facility. It will also revitalize and upgrade a deteriorated County asset in a transit-oriented location. Collapsing existing leases and relocating those programs into Site 2 will significantly offset the debt service costs for the proposed development.

The proposed Project will upgrade the former vacated DMH headquarters building to current seismic and building code standards. The scope includes a new building façade, mechanical, electrical, plumbing, and fire life safety infrastructure, and interior improvements, as well as retrofitting the structural system and exterior site improvements. The renovation will include extending the floorplate of the existing approximately 154,793-square-foot building to add approximately 88,340-square-feet of new Class A office space. Parking for the proposed Site 2 administrative office building is available within the newly constructed parking structure as part of Site 1, and approximately 10 new spaces will be added in front of the proposed Site 2 administrative office building.

## Retail Component

Approximately 2,000-square-foot of ground level retail space has been identified along Vermont Avenue and 6th Street within Site 2. Leasing and management of the retail space will be contracted by LACF2 to third parties on behalf of the County. The County will have the right to direct the operation and use of the retail space including the selection of specific retailers. The retail component will activate the corner of Vermont Avenue and 6th Street and create job opportunities for the local community. Rent received from the retail space, less management fees, will be used to pay the debt service. This ground level retail space will be accessible not only to Site 2 tenant departments but also to the community, including County administrative staff located at Site 1.

## Proposed Tenants

Although Site 1 is a non-public facing County administrative building, Site 2 will contain a variety of public facing and Countywide functions, some of which have been traditionally difficult to place given their operations. When complete, the renovated Site 2 will house the following County departments and associated programs relocating from current leased spaces:

- Department of Public Health
  - Relocating from 600 South Commonwealth Avenue, Los Angeles: Division of Human Immunodeficiency Virus and Sexually Transmitted Diseases Programs, Emergency Response and Preparedness Division, Office for Advancement of Early Care and Education, Organizational Development Training, and Health Facilities Inspection Division
  - Relocating from 3530 Wilshire Boulevard, Los Angeles: Chronic Disease and Injury Prevention and Oral Health
- Department of Children and Family Services
  - Relocating from 501 Shatto Place, Los Angeles: Human Resources Administrative Team, Payroll, Personnel Processing, Risk Management, Health and Safety, Performance Management
- DMH
  - Relocating from 5601 East Slauson Avenue, Los Angeles: Human Resources Division
- Department of Public Social Services
  - Relocating from 2415 West 6th Street, Los Angeles, or 2601 Wilshire Boulevard, Los Angeles: General Relief/Cal-Fresh Services
- Executive Office of the Board
  - Relocating from 350 South Figueroa Street, Los Angeles: Sheriff Civilian Oversight Commission

## Bond Financing

LACF2 is a California nonprofit public benefit corporation and an organization described under section 501(c)(3) of the Internal Revenue Code of 1986. Replicating the successful financing model of Site 1, LACF2 proposes to issue bonds, in one or more series and on a tax-exempt and/or taxable bases, on behalf of the County, to be designated as the Los Angeles County Facilities 2 Inc., Lease Revenue Bonds, Series 2024 (Vermont Corridor Site 2) (Bonds).

The Bonds will be issued in accordance with the guidelines set forth in Revenue Ruling 63-20 of the United States Treasury, as amended and updated by Revenue Procedure 82-26 (Revenue Procedure). As issuer of the Bonds, LACF2 will hold the obligation to pay debt service under the Indenture. The form of the Site 2 Lease Agreements must be authorized by the Board through adoption of the enclosed Ordinance to allow the financing process to proceed.

Pursuant to Revenue Ruling 63-20, as amended and updated by 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. LACF2 has been formed as a nonprofit public benefit corporation for purposes including, but not limited to, designing, developing, permitting, constructing, and equipping an office building and associated improvements for use by the County.

## Ground Lease and Facilities Lease Agreements

Since the County owns the land on which Site 2 Project will be developed, the County will enter into a proposed Ground Lease Agreement (Enclosure C) of Site 2 with LACF2.

LACF2 proposes to enter into a proposed Facilities Lease Agreement (Facilities Lease) (Enclosure D) under which LACF2 will undertake the Site 2 development and leaseback the premises to the County. Payment by the County of rent due under the Facilities Lease will be used by LACF2 to pay debt service on the Bonds. Under the financing structure, the County will be the 100 percent master tenant of the building pursuant to the Facilities Lease and will receive title to the building following the full repayment of the Bonds in Fiscal Year 2056-57. Upon the date the Bonds are no longer outstanding, LACF2 will convey the building to the County for no additional consideration, and the Lease Agreements shall both terminate. The County will have the right at any time to prepay the rent due under the Facilities Lease and purchase the building by depositing an amount sufficient to redeem or defease the Bonds with the trustee for the Bonds in accordance with the Indenture for the Bonds.

LACF2 proposes to enter into a Development Agreement with TCLA to develop, oversee, and manage the design, permitting, construction, and equipping of a turnkey office building. The pricing for the proposed Site 2 development has been established by using the facility’s design documents to create the developer GMP of \$210,000,000.

The relationship between LACF2 and TCLA is one of owner and developer. TCLA as the developer is under contract to LACF2 to manage the proposed Project’s development, including guaranteeing that it will be constructed as designed and completed on time and within budget. The benefit of this project delivery method is that the County will receive a turnkey, state-of-the-art office building under a financed purchase. By having LACF2 and TCLA assume the responsibility for developing and delivering the proposed Project to the County for occupancy, the County is shielded from cost overruns and other construction related delays as the County is not a party to any of the construction agreements, with the exception of any costs and delays associated with site conditions due to the County’s ownership of Site 2. Normally, developers own or acquire a site for a proposed development and retain the liability of any unforeseen site conditions. Since the County owns the parcels proposed for development, it would retain any liabilities associated with them. Authorization of the proposed appropriation adjustment will transfer sufficient funds into CP No. 87802, for site conditions/remediation, should it be required.

Under the GMP, TCLA is at risk for all costs exceeding the amount included in the budget related to unforeseen items, except for site remediation. Due to the County’s ownership of the land, the County maintains exposure from site remediation costs should they exceed the budgeted amount in the GMP, which is \$1,000,000.

**Green Building/Sustainable Design Program**

Site 2 development will comply with the Leadership in Energy and Environmental Design Gold policy and the Board's policy for Green Building/Sustainable Design Program by incorporating energy and water conservation features including, but not limited to, the use of drought tolerant and water efficient native landscaping, on-site stormwater design, energy efficient glass and aluminum fins to provide shading and to reduce energy demands, and use of recycled and regionally sourced materials.

**Implementation of Strategic Plan Goals**

These recommendations support the County Strategic Plan: North Star 3, Realize tomorrow’s government today; Focus Area Goal F. – Flexible and Efficient Infrastructure; Strategy ii. – Modernize Infrastructure, and Focus Area Goal G. – Internal Controls and Processes; Strategy ii. – Manage and Maximize County Assets.



## **FISCAL IMPACT/FINANCING**

The proposed Site 2 development will be financed using tax-exempt and/or taxable Bonds issued by LACF2 on behalf of the County in an aggregate principal amount not to exceed \$260,000,000, to fund all project costs, capitalized interest, and costs of issuance.

The County has funded \$6,591,000 for the Pre-Development Agreement with LACF2 and related legal costs, and upon authorization of the proposed appropriation adjustment (Enclosure L) \$500,000 will be transferred from the completed Vermont Corridor County Administration Building, CP No. 69950, to CP No. 87802. An additional \$2,500,000 will be transferred from the Various Refurbishment Mitigation/Remediation, CP No. 86612, to CP No. 87802, to address site conditions/remediation activities that go beyond the amount included in the GMP. CP No. 87802 will also be used to fund owner's representative/project management services, and legal expenses.

Based on current market conditions, the County expects to issue the Bonds in an aggregate principal amount of approximately \$224,000,000, the proceeds of which will be used to finance the \$210,000,000 GMP cost of construction of the Site 2 Project, plus capitalized interest during construction and the costs of issuance for this financing.

The County is obligated under the Facilities Lease to begin making base rental payments in Fiscal Year 2026-27, upon substantial completion of the Project, which will be used to make debt service payments on the Bonds. Based on current interest rates in the municipal bond market, the total debt service cost of the Bonds is estimated to be \$468,117,000, with a maximum annual debt service cost of \$14,571,000 and an average annual debt service cost of \$14,283,000, with a final maturity of June 1, 2057. The actual debt service cost of the Bonds will be based on market interest rates on the day of pricing, which is currently scheduled for August 2024.

The annual operational cost of the new building is estimated at \$3,800,000 (subject to cost-of-living adjustments) including capital reserve requirements and will be paid to LACF2 by the County in the form of Additional Rent under the Facilities Lease. Proposed tenant departments will fund their pro-rata portion of base rent and operational costs. Proposed tenants will pay approximately \$14,281,000 of reallocated lease payments and financial contributions, significantly offsetting the estimated maximum annual debt service plus operational costs of approximately \$18,371,000, leaving a balance of roughly \$4,090,000 to be covered by ongoing net County cost. The \$4,090,000 ongoing net County cost has been included in the County's multi-year forecast.

### Estimated Borrowing Costs

The Resolution being presented to the Board requires the Bonds to be issued at a true interest cost not to exceed 6.0 percent. Based on the current interest rate environment, the actual borrowing costs would be significantly lower, resulting in a true interest cost of approximately 4.30 percent. The debt service costs during the construction phase (comprised of interest only) will be funded with Bond proceeds deposited in a capitalized interest account maintained with U.S. Bank Trust Company, National Association, the third-party Trustee for the Bonds. After substantial completion of Site 2, the debt service costs will be funded through base rental payments, including rent from the retail component, from the County to LACF2. All County base rent payments and operational costs will flow to U.S. Bank Trust Company, National Association, as Trustee.

Following the issuance of the Bonds in August 2024, the Treasurer and Tax Collector will inform the Board of the final debt service obligations via memorandum.

### Financing Team

If no satisfactory bids are received in response to a notice of public sale to be published by LACF2, the Treasurer and Tax Collector is recommending the Bonds to be sold on a negotiated basis, with Barclays serving as the senior-managing underwriter. The County, in conjunction with LACF2, has selected Orrick, Herrington & Sutcliffe LLP to serve as Bond Counsel, Hawkins Delafield & Wood LLP to serve as Disclosure Counsel, and Montague DeRose and Associates, LLC to be the Municipal Advisor for the transaction. Loeb & Loeb will represent the County as external counsel for this financing. U.S. Bank Trust Company, National Association will be appointed as the Trustee for the Bonds.

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

On July 11, 2022, the predevelopment phase began with the execution of the Pre-Development Agreement with LACF2. To date, the proposed County tenants and CEO have worked with the developer to design the proposed Project and establish a \$210,000,000 GMP. The GMP ensures the County will receive a high-quality sustainable, Leadership in Energy and Environmental Design Gold-rated design at a not-to-exceed cost and protects against change order risk, except as it relates to costs associated with the site conditions. TCLA has engaged consultants to complete all project entitlements for the proposed Project as well as environmental review and CEQA documentation has been prepared under the oversight of the County.

The proposed Lease Agreements for Site 2 are authorized by Government Code Section 25351 et seq. and 25536(c), which allow the County to construct, expand, lease, build, rebuild, furnish, refurnish, or repair public buildings as necessary to carry out the work of the County.

Since the proposed lease and sublease transactions, pursuant to the Lease Agreements, constitute a public leaseback between the County and LACF2, Government Code Section 54241 requires that the action be authorized by an ordinance.

The Intergovernmental General Plan Consistency consultation for the Project pursuant to Government Code Section 65402 has been completed with the City of Los Angeles, which provided its clearance on June 3, 2023.

The proposed Facilities Lease includes County policy requirements for compliance with the Local and Targeted Worker Hiring, Civic Art, and other applicable County policies.

Effective June 7, 2023, the Countywide CWA applies to County delivered projects with an estimated construction contract value of \$5 million or greater. While the CWA does not extend to non-County delivered projects, such as Public Private Partnership projects, it is at the Board's discretion to include such projects as a "Covered Project" under the Countywide CWA. Therefore, upon approval of this letter and associated recommendations, the CWA will apply to this project. The contractor and all subcontractors must comply with all terms and conditions of the Countywide CWA which, among other things, increases work opportunities for those seeking to start a new career in the construction industry and promotes the hiring of underrepresented individuals on the project.

In addition to the aforementioned documents requiring approval, such as the Resolution and Lease Agreements, there are additional enclosed documents required for the financing of Site 2 which include the Indenture of Trust (Enclosure E), Bond Purchase Agreement (Enclosure F), Continuing Disclosure Certificate (Enclosure G), Subordination, Non-Disturbance and Attornment Agreement (Enclosure H), Ground Lessor Consent, Estoppel, Recognition and Non-Disturbance Agreement (Enclosure I), Issuer Fee and Governance Agreement (Enclosure J), and Preliminary Official Statement (Enclosure K).

## **ENVIRONMENTAL DOCUMENTATION**

A FEIR for the Vermont Corridor Project was prepared by the County as lead agency and was certified by the Board of Supervisors on May 22, 2018. The previously certified FEIR (Attached) is on file with the Los Angeles County Development Authority for the

Vermont Corridor Project. The Addendum (Attached) is on file with the CEO Asset Management Branch.

Under section 15164 of the State CEQA Guidelines, an Addendum to a previously certified EIR may be prepared if none of the conditions described in State CEQA Guidelines Section 15162 calling for preparation of a Subsequent EIR have occurred. The Addendum to the FEIR was prepared for the proposed changes to the previously analyzed project, in compliance with CEQA Guidelines Sections 15164(a) and 15162 and with CEQA Section 21166.

The Addendum to the Certified EIR analyzed proposed modifications (previously defined as the "Project") to the original Vermont Corridor Project. In the Certified EIR the proposed scope of the adopted project was mixed-use, market-rate housing, and the current proposed scope is development of an approximately 243,000-square-foot County administrative office building. The proposed changes do not meet the criteria for a supplemental or subsequent EIR because none of the circumstances under State CEQA Guidelines Section 15162 and CEQA Section 21166 have occurred. Specifically, the Addendum demonstrates that:

The proposed Project does not involve substantial changes to the original Vermont Corridor Project that would require major revisions to the Certified EIR due to new significant impacts or substantially more severe significant impacts; none of the conditions requiring preparation of a subsequent analysis are applicable. Based on this information, it was determined that preparation of a subsequent EIR was not required. The Mitigation Monitoring and Reporting Program, Findings of Fact and Statement of Overriding Considerations, as adopted with the project at the time of EIR certification will continue to apply.

The required fee, if any, to the California Department of Fish and Wildlife was paid for the previously Certified EIR.

The Addendum, EIR, and related documents are available and can be viewed at 500 West Temple Street, Room 754, Los Angeles (for the Addendum) and 700 West Main Street, Alhambra (for the EIR). The location of the documents and other materials constituting the record of the proceedings upon which the Board's decision is based in this matter is at 500 West Temple Street, Room 754, Los Angeles. The custodian of such documents and materials is the Los Angeles County CEO Asset Management Branch.

Upon the Board's authorization of the recommended actions, CEO will file a Notice of Determination with the Registrar-Recorder/County Clerk and with the State Clearinghouse in accordance with section 21152 of the California

Public Resources Code and will post the Notice to the County's website in accordance with section 21092.2.

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

From the closing date for the Bonds to completion of construction, the proposed Project is anticipated to span 31 months. During construction of Site 2, proposed tenant department services will not be interrupted, as the departments will remain in their current leased facilities until completion of Site 2.

**CONCLUSION**

Upon Board adoption and financing of the proposed Site 2 Project, building permits will be obtained and construction will subsequently commence.

Please return one adopted copy of this Board letter to the CEO, Capital Programs Division.

Respectfully submitted,



FESIA A. DAVENPORT  
Chief Executive Officer

FAD:JMN:JTC  
VBM:MJD:KAV:er

Enclosures

- c: Executive Office, Board of Supervisors
- County Counsel
- Auditor-Controller
- Children and Family Services
- Economic Opportunity
- Mental Health
- Public Health
- Public Social Services
- Treasurer and Tax Collector

# **ENCLOSURE A**

**RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES AUTHORIZING THE EXECUTION AND DELIVERY BY THE COUNTY OF A BOND PURCHASE AGREEMENT AND A CONTINUING DISCLOSURE CERTIFICATE IN CONNECTION WITH THE ISSUANCE AND SALE BY LOS ANGELES COUNTY FACILITIES 2 INC. OF LOS ANGELES COUNTY FACILITIES 2 INC. LEASE REVENUE BONDS, SERIES 2024 (VERMONT CORRIDOR SITE 2), APPROVING THE ISSUANCE OF SUCH BONDS IN AN AGGREGATE AMOUNT NOT TO EXCEED \$260,000,000, AUTHORIZING THE DISTRIBUTION OF AN OFFICIAL STATEMENT IN CONNECTION THEREWITH AND AUTHORIZING THE EXECUTION OF NECESSARY SECURITY DOCUMENTS AND OTHER DOCUMENTS AND CERTIFICATES AND RELATED ACTIONS**

**WHEREAS**, pursuant to Internal Revenue Service Revenue Ruling 63-20, as amended and updated by Internal Revenue Service Revenue Procedure 82-26 (the “Revenue Procedure”), bonds issued by a nonprofit corporation organized under the laws of the state of California (the “State”) in order to finance facilities in the State may qualify as tax-exempt obligations upon compliance with the requirements set forth in the Revenue Procedure; and

**WHEREAS**, the County of Los Angeles (the “County”) is the owner of certain real property within the County, in the City of Los Angeles, the street addresses of which are 550 South Vermont Avenue and 3175 West 6th Street (collectively, the “Land”); and

**WHEREAS**, Los Angeles County Facilities 2 Inc. (“LACF2”) is a California nonprofit public benefit corporation formed for the purposes of (i) assisting in the erection and maintenance of public buildings, monuments, facilities, housing, or works, (ii) combatting community deterioration and carrying out neighborhood revitalization and community economic development, (iii) promoting social welfare and education through cooperative programs with governmental entities, (iv) undertaking activities which lessen the burdens of government, (v) serving as a supporting organization described in section 509(a)(3) of the Internal Revenue Code authorized to benefit, perform the functions of, and/or assist in carrying out the governmental purposes of the County of Los Angeles, California, a body corporate and politic; and (vi) carrying on other charitable activities associated with the foregoing purposes as allowed by law; and

**WHEREAS**, LACF2’s powers include entering into lease agreements and issuing bonds consistent with such purposes on behalf of the County; and

**WHEREAS**, in accordance with Article 9 (commencing with section 54240) of Chapter 5 of Part 1 of Division 2 of Title 5 of the California Government Code (the “Government Code”) authorizing public leasebacks, the County desires to lease the Land to LACF2 pursuant to a Ground Lease Agreement, by and between the County and LACF2 (the “Ground Lease”), in order for LACF2 to design, develop, permit, and construct improvements and install furniture, fixtures and equipment on the Land consisting of (i) renovation and expansion of the existing office building comprised of (a) approximately 154,793 gross square feet of existing space renovated to Class A office space, including two ground floor retail spaces of approximately 1,000 square feet each,

(b) an extension of the existing building floorplates to include an additional approximately 88,340 gross square feet of new Class A office space, for a total of approximately 243,133 gross square feet of Class A office space, (c) approximately 12,050 gross square feet of renovated subterranean back-of-house support space, and (d) an elevated pedestrian walkway connecting the existing office building to the terrace level of the neighboring office building commonly known as 510 South Vermont Avenue ((a), (b), (c), and (d) collectively, the “Office Building”), (ii) installation of approximately 10 surface parking spaces (“Surface Parking Spaces”) and landscaping located on the Land; and (iii) demolition of the existing 52,000 square foot former Department of Workforce Development, Aging and Community Services headquarters and adjacent two-story parking structure located on the Land, all to serve as office space and related ancillary facilities for various County departments, commissions and staff (collectively, the “Project”); and

**WHEREAS**, the County will sublease the Land, the Office Building, the Surface Parking Spaces, landscaping and such other improvements as may be located on the Land from time to time (collectively, the “Premises”) back from LACF2 pursuant to a Facilities Lease Agreement, between LACF2, as sublandlord, and the County, as subtenant (the “Facilities Lease”); and

**WHEREAS**, LACF2 will engage TC LA Development, Inc., a Delaware Corporation, as developer (the “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, by and between LACF2 and the Developer (the “Development Agreement”), for a fixed price as provided in the Facilities Lease, all of which shall be subject to the County’s concurrence as provided in the Facilities Lease; and

**WHEREAS**, the Project is necessary to meet the County’s requirements to provide for the needs of its citizens; and

**WHEREAS**, the County does not wish to undertake the governmental burden associated with the development of the Project, and has determined that the proposal by LACF2 is the most efficient means for achieving the Project and to relieve the County of the governmental burden thereof; and

**WHEREAS**, in accordance with Government Code section 54241, the County shall ordain the approval of the Ground Lease and Facilities Lease; and

**WHEREAS**, in order to provide the funds necessary to finance the Project, LACF2 desires to provide for the issuance, on a tax-exempt and/or taxable basis, of Los Angeles County Facilities 2 Inc. Lease Revenue Bonds, Series 2024 (Vermont Corridor Site 2) (the “Series 2024 Bonds”), in one or more series or subseries, with such additional or other series or subseries designations as may be approved by LACF2, in an aggregate principal amount not to exceed \$260,000,000, pursuant to an Indenture (the “Indenture”), by and between LACF2 and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”), payable from the base rent to be made by the County pursuant to the Facilities Lease and the other assets pledged therefor under the Indenture; and

**WHEREAS**, for the purposes of issuing the Series 2024 Bonds pursuant to the Indenture, the County and LACF2 desire to expressly subordinate the Facilities Lease to the first lien of the



Construction Leasehold Deed of Trust, Security Agreement, Assignment of Leases and Rents and Fixture Filing (the “Deed of Trust”), to be executed by LACF2 encumbering the Premises, by executing the Subordination, Non-Disturbance and Attornment Agreement (the “Subordination Agreement”), by and among the County, LACF2 and the Trustee, it being a condition precedent to the issuance of the Series 2024 Bonds pursuant to the Indenture, that the lien of the Deed of Trust be unconditionally and at all times prior and superior to the leasehold interest and estates created by the Facilities Lease; and

**WHEREAS**, LACF2 and the Trustee would not execute the Indenture and LACF2 would not issue the Series 2024 Bonds or enter into the Ground Lease, the Facilities Lease, or the Development Agreement, except upon the express condition that the County: (i) confirm the status of the Ground Lease, (ii) confirm any and all approvals to the financing plan contemplated by the execution of the Indenture, the issuance of the Series 2024 Bonds, the execution of the Ground Lease, the Facilities Lease, and the Development Agreement and all documents and instruments executed in connection therewith, including, without limitation, the Deed of Trust, (iii) recognize and agree not to disturb the rights of the Trustee under the Deed of Trust, and (iv) confirm certain matters with respect to the Ground Lease and Facilities Lease, all as set forth in the Ground Lessor Consent, Estoppel, Recognition and Non-Disturbance Agreement (“the Ground Lessor Consent”) by and among the County, LACF2, and the Trustee; and

**WHEREAS**, LACF2 and the County further desire to set forth the terms under which (i) LACF2 will receive its issuer fee, and (ii) Public Facilities Group, a Washington nonprofit corporation (“PFG”), as the sole member of LACF2, may be replaced, all as set forth in the Issuer Fee and Governance Agreement (the “Issuer Fee and Governance Agreement”), by and among the County, LACF2 and PFG; and

**WHEREAS**, pursuant to Government Code section 5808, before selling any of the Series 2024 Bonds, LACF2 shall advertise the Series 2024 Bonds for sale at public sale and shall invite sealed bids therefor by publication of a notice once at least 10 days before the date of such public sale in a newspaper of general circulation circulated within the boundaries of the County; and

**WHEREAS**, if one or more satisfactory bids are received pursuant to such notice, the Series 2024 Bonds shall be awarded to the highest responsible bidder; and

**WHEREAS**, if no bids are received at the public sale or if LACF2 determines that the bids received are not satisfactory as to price or responsibility of the bidders, LACF2 may reject all bids received, if any, and either re-advertise or sell the Series 2024 Bonds at private sale; and

**WHEREAS**, in the event that no bids are received at the public sale or LACF2 determines that the bids received are not satisfactory as to price or responsibility of the bidders as provided in Government Code section 5808, Barclays Capital Inc., as underwriter (the “Underwriter”), has submitted to LACF2 and the County a proposal to purchase the Series 2024 Bonds at a private sale in the form of a Bond Purchase Agreement (the “Bond Purchase Agreement”); and

**WHEREAS**, Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (“Rule 15c2-12”) requires that, in order to be able to purchase or sell the Series 2024 Bonds, the underwriter thereof must have reasonably determined that the County and LACF2 have undertaken

in a written agreement or contract for the benefit of the holders of the Series 2024 Bonds to provide disclosure of certain financial information and certain enumerated events on an ongoing basis; and

**WHEREAS**, in order to cause such disclosure requirement to be satisfied, (i) the County desires to execute a Continuing Disclosure Certificate (the “Continuing Disclosure Certificate”) and (ii) LACF2 shall undertake certain obligations contained in the Indenture; and

**WHEREAS**, a form of the Preliminary Official Statement (the “Preliminary Official Statement”) to be distributed in connection with a potential public offering of the Series 2024 Bonds has been prepared; and

**WHEREAS**, Government Code section 5852.1 requires that the Board of Supervisors of the County (the “Board of Supervisors”) obtain from an underwriter, financial advisor or private lender and disclose, in a meeting open to the public, prior to authorization of the issuance of bonds with a term of greater than 13 months, good faith estimates of (a) the true interest cost of the bonds, (b) the sum of all fees and charges paid to third parties with respect to the bonds, (c) the amount of proceeds of the bonds expected to be received net of the fees and charges paid to third parties and any reserves or capitalized interest paid or funded with proceeds of the bonds, and (d) the sum total of all debt service payments on the bonds calculated to the final maturity of the bonds plus the fees and charges paid to third parties not paid with the proceeds of the bonds; and

**WHEREAS**, in compliance with Government Code section 5852.1, the Board of Supervisors has obtained from Montague DeRose and Associates, LLC, as the County’s municipal advisor, the required good faith estimates and such estimates are disclosed and set forth on Exhibit A attached hereto; and

**WHEREAS**, the County has previously adopted a local debt policy (the “Debt Management Policy”) that complies with Government Code section 8855(i), and the County entering into the documents as contemplated by this Resolution is consistent with the Debt Management Policy; and

**WHEREAS**, the Board of Supervisors has been presented with the form of each document referred to herein relating to the actions contemplated hereby, and the Board of Supervisors has examined and approved each document and desires to authorize and direct the execution of such documents and the consummation of such actions; and

**WHEREAS**, all acts, conditions and things required by the Constitution and laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of the actions authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the County is now duly authorized and empowered, pursuant to each and every requirement of law, to consummate such actions for the purpose, in the manner and upon the terms herein provided;

**NOW, THEREFORE, THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES, DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:**

**Section 1.** All of the recitals herein contained are true and correct and the Board of Supervisors so finds.

**Section 2.** The Project, the purposes and activities of LACF2 with respect to the Project and the issuance by it of the Series 2024 Bonds, in one or more series and on a tax-exempt and/or taxable basis, to finance the Project under the Revenue Procedure are hereby approved.

**Section 3.** Pursuant to the Revenue Procedure, the County will accept title to the Premises, including any additions to the Premises as a result of the Project, when the Series 2024 Bonds to be issued by LACF2 are discharged.

**Section 4.** In the event that no bids are received at the public sale or LACF2 determines that the bids received are not satisfactory as to price or responsibility of the bidders as provided in Government Code section 5808, the form of the Bond Purchase Agreement, submitted to and on file with the Executive Officer-Clerk of the Board of Supervisors, including any person serving in such office on an interim or acting basis (the “Executive Officer-Clerk”), is hereby approved, and the Chair of the Board of Supervisors, and such other member of the Board of Supervisors as the Chair may designate, the Treasurer and Tax Collector of the County, the Chief Executive Officer of the County or any other person or persons designated by the Treasurer and Tax Collector of the County or the Chief Executive Officer of the County (collectively, the “Authorized Officers”), are each hereby authorized and directed, for and in the name and on behalf of the County, to execute and deliver the Bond Purchase Agreement in substantially said form, with such changes therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that the underwriter’s discount for the sale of the Series 2024 Bonds shall not exceed 1.00% of the aggregate principal amount of the Series 2024 Bonds.

**Section 5.** The form of the Subordination Agreement, submitted to and on file with the Executive Officer-Clerk, is hereby approved, and the Authorized Officers are each hereby authorized and directed, for and in the name and on behalf of the County, to execute and deliver the Subordination Agreement in substantially said form, with such changes therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

**Section 6.** The form of the Ground Lessor Consent, submitted to and on file with the Executive Officer-Clerk, is hereby approved, and the Authorized Officers are each hereby authorized and directed, for and in the name and on behalf of the County, to execute and deliver the Ground Lessor Consent in substantially said form, with such changes therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

**Section 7.** The form of the Issuer Fee and Governance Agreement, submitted to and on file with the Executive Officer-Clerk, is hereby approved, and the Authorized Officers are each

hereby authorized and directed, for and in the name and on behalf of the County, to execute and deliver the Issuer Fee and Governance Agreement in substantially said form, with such changes therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

**Section 8.** The form of Continuing Disclosure Certificate, submitted to and on file with the Executive Officer-Clerk, is hereby approved, and the Authorized Officers are each hereby authorized and directed, for and in the name and on behalf of the County, to execute and deliver the Continuing Disclosure Certificate in substantially said form, with such changes therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

**Section 9.** The form of Preliminary Official Statement, submitted to and on file with the Executive Officer-Clerk, with such changes therein as may be approved by an Authorized Officer, is hereby approved, and the use of the Preliminary Official Statement in connection with the offering and sale of the Series 2024 Bonds is hereby authorized and approved. The Authorized Officers are each hereby authorized to certify on behalf of the County that the Preliminary Official Statement is deemed final as of its date, within the meaning of Rule 15c2-12 (except for the omission of certain final pricing, rating and related information as permitted by Rule 15c2-12).

**Section 10.** The preparation and delivery of an Official Statement, and its use by the Underwriter in connection with any public offering and sale of the Series 2024 Bonds, is hereby authorized and approved. The Official Statement shall be in substantially the form of the Preliminary Official Statement with such changes, insertions and omissions as may be approved by an Authorized Officer.

**Section 11.** With the passage of this Resolution, the Board of Supervisors hereby certifies that the Debt Management Policy complies with Government Code section 8855(i), and that the County entering into the documents as contemplated by this Resolution is consistent with the Debt Management Policy.

**Section 12.** The Authorized Officers are hereby authorized and directed, jointly and severally, to do any and all things which they may deem necessary or advisable in order to consummate the transactions herein authorized and otherwise to carry out, give effect to and comply with the terms and intent of this Resolution.

**Section 13.** All actions heretofore taken by the officers, employees and agents of the County with respect to the transactions set forth above are hereby approved, confirmed and ratified.

The foregoing Resolution was on the 4th day of June, 2024, adopted by the Board of Supervisors of the County of Los Angeles and *ex officio* the governing body of all other special assessment and taxing districts, agencies and authorities for which the Board so acts.




EDWARD YEN, Executive Officer-Clerk of the Board of Supervisors of the County of Los Angeles

By:   
Deputy

APPROVED AS TO FORM:

DAWYN R. HARRISON  
County Counsel

By:   
Senior Deputy County Counsel

## EXHIBIT A

### GOOD FAITH ESTIMATES

The good faith estimates set forth herein are provided with respect to the Series 2024 Bonds in compliance with section 5852.1 of the California Government Code. Such good faith estimates have been provided to the County by Montague DeRose and Associates, LLC, as the municipal advisor to the County (the “Municipal Advisor”).

*Principal Amount.* The Municipal Advisor has informed the County and Los Angeles County Facilities 2 Inc. (“LACF2”) that, based on the County’s and LACF2’s financing plan and current market conditions, its good faith estimate of the aggregate principal amount of the Series 2024 Bonds to be sold is \$223,945,000 (the “Estimated Principal Amount”).

*True Interest Cost of the Series 2024 Bonds.* The Municipal Advisor has informed the County and LACF2 that, assuming that the Estimated Principal Amount of the Series 2024 Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the true interest cost of the Series 2024 Bonds, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the Series 2024 Bonds, is 4.304%.

*Finance Charge of the Series 2024 Bonds.* The Municipal Advisor has informed the County and LACF2 that, assuming that the Estimated Principal Amount of the Series 2024 Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the finance charge for the Series 2024 Bonds, which means the sum of all fees and charges paid to third parties, is \$1,464,500.

*Amount of Proceeds to be Received.* The Municipal Advisor has informed the County and LACF2 that, assuming that the Estimated Principal Amount of the Series 2024 Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the amount of proceeds expected to be received by LACF2 for sale of the Series 2024 Bonds, less the finance charge of the Series 2024 Bonds, as estimated above, and any reserves or capitalized interest paid or funded with proceeds of the Series 2024 Bonds, is \$212,945,790.

*Total Payment Amount.* The Municipal Advisor has informed the County and LACF2 that, assuming that the Estimated Principal Amount of the Series 2024 Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the total payment amount, which means the sum total of all payments LACF2 will make to pay debt service on the Series 2024 Bonds (less capitalized interest funded with proceeds of the Series 2024 Bonds), plus the finance charge for the Series 2024 Bonds, as described above, not paid with the proceeds of the Series 2024 Bonds, calculated to the final maturity of the Series 2024 Bonds, is \$437,045,000.

The foregoing estimates constitute good faith estimates only. The actual principal amount of the Series 2024 Bonds issued and sold, the true interest cost thereof, the finance charges thereof, the amount of proceeds received therefrom and total payment amount with respect thereto may differ from such good faith estimates due to (a) the actual date of the sale of the Series 2024 Bonds being different than the date assumed for purposes of such estimates, (b) the actual principal amount of

Series 2024 Bonds sold being different from the Estimated Principal Amount, (c) the actual amortization of the Series 2024 Bonds being different than the amortization assumed for purposes of such estimates, (d) the actual market interest rates at the time of sale of the Series 2024 Bonds being different than those estimated for purposes of such estimates, (e) other market conditions, or (f) alterations in the County's and LACF2's financing plan, or a combination of such factors. The actual date of sale of the Series 2024 Bonds and the actual principal amount of Series 2024 Bonds sold will be determined by LACF2 based on the need for project funds and other factors. The actual interest rates borne by the Series 2024 Bonds will depend on market interest rates at the time of sale thereof. The actual amortization of the Series 2024 Bonds will also depend, in part, on market interest rates at the time of sale thereof. Market interest rates are affected by economic and other factors beyond the control of LACF2.


# **ENCLOSURE B**



## ANALYSIS

This ordinance authorizes a public leaseback pursuant to California Government Code section 54241 of certain real property in the City of Los Angeles, within the County of Los Angeles ("County"), the addresses of which are 550 South Vermont Avenue and 3175 West 6th Street, and improvements, furniture, fixtures and equipment on such property consisting of: (i) approximately 154,793 gross square feet of existing space renovated to Class A office space, including 2 ground floor retail spaces of approximately 1,000 square feet each; (ii) an extension of the existing building floor plates to include an additional approximately 88,340 gross square feet of new Class A office space, for a total of approximately 243,133 gross square feet of Class A office space; (iii) approximately 12,050 gross square feet of renovated subterranean back-of-house support space; (iv) an elevated pedestrian walkway connecting the existing office building to the terrace level of the neighboring office building commonly known as 510 South Vermont Avenue; and (v) approximately 10 surface parking spots and landscaping, all to serve as office space and related ancillary facilities for various County departments, commissions and staff.

DAWYN R. HARRISON  
County Counsel

By   
DEBBIE Y. CHO  
Senior Deputy County Counsel  
Government Services Division

DYC:lp

Requested: 4/29/24  
Revised: 5/08/24

**ORDINANCE NO. \_\_\_\_\_**

An ordinance authorizing a public leaseback to the Los Angeles County Facilities 2 Inc., a California nonprofit public benefit corporation, pursuant to the requirements of California Government Code section 54241.

The Board of Supervisors of the County of Los Angeles ("Board of Supervisors") ordains as follows:

**SECTION 1. Findings.**

The Board of Supervisors finds that:

A. The County of Los Angeles ("County") is the owner of certain real property within the County, in the City of Los Angeles, the street addresses of which are 550 South Vermont Avenue and 3175 West 6th Street (collectively, "Land").

B. Los Angeles County Facilities 2 Inc. ("LACF2") is a California nonprofit public benefit corporation formed for the purposes of: (i) assisting in the development and maintenance of public buildings, monuments, facilities, housing, or works; (ii) combatting community deterioration and carrying out neighborhood revitalization and community economic development; (iii) promoting social welfare and education through cooperative programs with governmental entities; (iv) undertaking activities which lessen the burdens of government; (v) serving as a supporting organization described in the Internal Revenue Code of 1986 section 509(a)(3) authorized to benefit, perform the functions of, and/or assist in carrying out the governmental purposes of the County, a body corporate and politic; and (vi) carrying on other charitable activities associated with the foregoing purposes as allowed by law.

C. LACF2's powers include entering into lease agreements and issuing bonds consistent with such purposes on behalf of the County.

D. In accordance with California Government Code ("Government Code") section 54240 et seq. authorizing public leasebacks, the County desires to lease the Land to LACF2 pursuant to a Ground Lease Agreement, by and between the County and LACF2 ("Ground Lease"), in order for LACF2 to design, develop, permit, and construct improvements and install furniture, fixtures and equipment on the Land consisting of:

1. The renovation and expansion of the existing office building comprised of: (a) approximately 154,793 gross square feet of existing space renovated to Class A office space, including 2 ground floor retail spaces of approximately 1,000 square feet each; (b) an extension of the existing building floorplates to include an additional approximately 88,340 gross square feet of new Class A office space, for a total of approximately 243,133 gross square feet of Class A office space; (c) approximately 12,050 gross square feet of renovated subterranean back-of-house support space; and (d) an elevated pedestrian walkway connecting the existing office building to the terrace level of the neighboring office building commonly known as 510 South Vermont Avenue ((a), (b), (c), and (d) collectively, "Office Building");

2. Installation of approximately 10 surface parking spaces ("Surface Parking Spaces") and landscaping located on the Land; and

3. Demolition of the existing 52,000 square foot former Department of Workforce Development, Aging and Community Services headquarters and adjacent

two-story parking structure located on the Land, all to serve as office space and related ancillary facilities for various County departments, commissions and staff (collectively, "Project").

E. The County will sublease the Land, the Office Building, the Surface Parking Spaces, landscaping and such other improvements as may be located on the Land from time to time (collectively, "Premises") back from LACF2 pursuant to a Facilities Lease Agreement, between LACF2, as sublandlord, and the County, as subtenant ("Facilities Lease").

F. The purpose of this ordinance is to authorize a public leaseback pursuant to Government Code section 54241.

G. Government Code section 54241 requires the adoption of this ordinance prior to entering into a formal agreement with the public leaseback corporation for a term that exceeds 5 years.

**SECTION 2. Authorization of Public Leaseback.**

A. The form of the Ground Lease, by and between the County and LACF2, submitted to and on file with the Executive Officer-Clerk of the Board of Supervisors, including any person serving in such office on an interim or acting basis ("Executive Officer-Clerk"), is hereby approved, and the Chair of the Board of Supervisors, and such other member of the Board of Supervisors as the Chair may designate, the Treasurer and Tax Collector of the County ("Treasurer"), the Chief Executive Officer of the County ("Chief Executive Officer") or any other person or persons designated by the Treasurer or the Chief Executive Officer (collectively, "Authorized Officers"), are each hereby

authorized and directed, for and in the name and on behalf of the County, to execute and deliver the Ground Lease in substantially said form, with such changes therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

B. The form of the Facilities Lease, by and between LACF2 and the County, submitted to and on file with the Executive Officer-Clerk, is hereby approved, and the Authorized Officers are each hereby authorized and directed, for and in the name and on behalf of the County, to execute and deliver the Facilities Lease in substantially said form, with such changes therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that the aggregate amount of the principal portions of the base rent payable under the Facilities Lease shall not exceed \$260,000,000, the term of the Facilities Lease shall not exceed 40 years (provided that such term may be extended as provided therein) and the true interest cost applicable to the interest portions of the base rent shall not exceed 6 percent per annum.

**SECTION 3. Subject to Referendum.**

The Ground Lease and the Facilities Lease herein approved are subject to referendum as provided by California Elections Code section 9140 et seq.

**SECTION 4. Effective Date.**

This ordinance shall become effective 30 days from the date of final passage pursuant to Government Code section 25123.

**SECTION 5. Publishing Requirement.**

This ordinance shall be published before the expiration of 15 days after its passage and adoption pursuant to Government Code section 25124.

[VERMCORRDCCC]

# **ENCLOSURE C**

**GROUND LEASE AGREEMENT**

**between**

**COUNTY OF LOS ANGELES,  
a body corporate and politic**

**and**

**LOS ANGELES COUNTY FACILITIES 2 INC.,  
a California nonprofit public benefit corporation**

**Dated as of \_\_\_\_\_, 2024**

**Vermont Corridor Site 2  
Los Angeles, California**



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## GROUND LEASE AGREEMENT

THIS GROUND LEASE AGREEMENT (this “**Ground Lease**”) is dated for reference purposes as of \_\_\_\_\_, 2024, and is made by and between the **COUNTY OF LOS ANGELES**, a body corporate and politic (“**County**”), and **LOS ANGELES COUNTY FACILITIES 2 INC.**, a California nonprofit public benefit corporation (“**LACF2**”). County and LACF2 are each occasionally referred to herein as a “**Party**” or collectively as the “**Parties.**”

### RECITALS

A. County is the owner of certain real property in the City of Los Angeles, County of Los Angeles, California, the address of which is 550 South Vermont Avenue and 3175 West 6th Street and which is legally described on the attached Exhibit A (collectively, the “**Ground Lease Premises**” or the “**Land**”).

B. LACF2 is a California nonprofit public benefit corporation established exclusively for purposes and activities that are permitted under Section 501(c)(3) of the Internal Revenue Code of 1986 (the “**Code**”). In particular, LACF2 has been formed for the purposes of (i) assisting in the erection and maintenance of public buildings, monuments, facilities, housing, or works, (ii) combatting community deterioration and carrying out neighborhood revitalization and community economic development by receiving and administering funds exclusively for educational and charitable purposes, (iii) promoting social welfare and education through cooperative programs with governmental entities, (iv) undertaking activities which lessen the burdens of government, and (v) carrying on other charitable activities associated with the foregoing purposes as allowed by law.

C. Pursuant to California Government Code Sections 25351 and 25536(c), County desires to lease the Land to LACF2 pursuant to this Ground Lease, in order for LACF2 to design, develop, permit, and construct improvements and install furniture, fixtures and equipment on the Land consisting of (i) renovation and expansion of the existing office building comprised of (a) approximately 154,793 gross square feet of existing space renovated to Class A office space, including two ground floor retail spaces of approximately 1,000 square feet each, (b) an extension of the existing building floorplates to include an additional approximately 88,340 gross square feet of new Class A office space, for a total of approximately 243,133 gross square feet of Class A office space, (c) approximately 12,050 gross square feet of renovated subterranean back-of-house support space, and (d) an elevated pedestrian walkway connecting the existing office building to the terrace level of the neighboring office building commonly known as 510 South Vermont Avenue ((a), (b), (c), and (d) collectively, the “**Office Building**”), (ii) installation of approximately 10 surface parking spots (“**Surface Parking Spaces**”) and landscaping located on the Land, and (iii) demolition of the existing 52,000 square foot former Department of Workforce Development, Aging and Community Services headquarters and adjacent two-story parking structure located on the Land, all to serve as office space and related ancillary facilities for various County departments, commissions and staff (collectively, the “**Project**”).

D. The County will sublease the Land, the Office Building, the Surface Parking Spaces, landscaping and such other improvements as may be located on the Land from time to

time back from LACF2 pursuant to a Facilities Lease Agreement, between LACF2, as sublandlord, and the County, as subtenant (the “**Facilities Lease**”), the form of which is attached as Exhibit B.

E. LACF2 will engage TC LA Development, Inc., a Delaware Corporation, as developer (“**TCLA**”) 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, by and between LACF2 and TCLA (the “**Development Agreement**”) in the form attached as Exhibit C, for a fixed price as provided in the Facilities Lease, all of which shall be subject to the County’s concurrence as provided in the Facilities Lease.

F. Financing for the Project shall be from the proceeds of tax-exempt obligations issued by LACF2, with the tax-exempt obligations to be issued in accordance with the provisions of the Internal Revenue Service Revenue Ruling 63-20, as amended and updated by Internal Revenue Service Revenue Procedure 82-26 (the “**Bonds**”). 63-20 Bonds are tax-exempt bonds issued by a nonprofit organization on behalf of a government entity to finance a public facility.

G. All capitalized terms used but not defined in this Ground Lease shall have the meaning given to them in the Facilities Lease.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are mutually acknowledged, the Parties agree as follows:

1. Demise.

1.1 Demise. In consideration of the rents, covenants and agreements contained in this Ground Lease, County hereby leases the Ground Lease Premises to LACF2, and LACF2 hereby leases the Ground Lease Premises from County upon and subject to the conditions set forth in this Ground Lease.

1.2 Use of the Ground Lease Premises. The Ground Lease Premises shall be used and occupied only for the purpose of the development, construction, operation, use, repair, and maintenance of the Project pursuant to the terms and conditions of this Ground Lease, the Facilities Lease and all Applicable Laws (collectively, the “**Permitted Uses**”). The Parties agree that the explicit purpose of this Ground Lease is to allow for the County’s occupancy of the Project pursuant to the Facilities Lease; consequently, LACF2 shall not use or permit the Ground Lease Premises to be used for any purpose other than the Permitted Uses without the prior written approval of County, which County may grant, withhold or condition at its sole and absolute discretion.

1.3 Applicable Laws. “**Applicable Laws**” means all of the following, even if unforeseen or extraordinary, to the extent affecting any of, (a) LACF2, its members, owners, shareholders, officers, employees, contractors, consultants, agents, customers, guests, or invitees, (b) County, its board members, officers, employees, contractors, consultants, agents, customers, guests, or invitees, (c) TCLA, its members, owners, shareholders, officers, employees, contractors, consultants, agents, customers, guests, or invitees, (d) all or any portion of the Ground Lease Premises, or (e) the use, occupancy, possession, construction, operation, maintenance, improvement, alteration, repair, or restoration of any portion of the Project: (x) all present and

future laws, statutes, requirements, ordinances, orders, judgments, regulations, resolutions, covenants, restrictions, or administrative or judicial determinations of every governmental authority and of every court or agency claiming jurisdiction over LACF2, County, TCLA, the Project, or the Ground Lease Premises or matters set forth clauses (a) through (e), above, whether enacted or in effect as of the Effective Date or thereafter, including, but not limited to, California Labor Code §§ 1720 *et seq.*, environmental laws, zoning laws, building codes and regulations and those laws relating to accessibility to, usability by, and discrimination against, disabled individuals; and (y) all covenants, restrictions, and conditions of record affecting the Ground Lease Premises from time to time.

#### 1.4 Prohibited Uses.

1.4.1 Nuisance. LACF2 shall not conduct or permit to be conducted any private or public nuisance on or about the Ground Lease Premises or the Project, nor commit any waste thereon. No rubbish, trash, waste, residue, brush, graffiti, weeds or undergrowth or debris of any kind or character shall ever be placed or permitted to accumulate upon any portion of the Ground Lease Premises or the Project, except for trash collected in appropriate receptacles intended for such purposes, nor shall any portion of the Ground Lease Premises or Project be permitted to be operated or maintained in a manner that renders the Ground Lease Premises or Project a fire hazard or other hazard to public safety.

1.4.2 Restrictions and Prohibited Uses. Without expanding upon or enlarging the Permitted Uses of the Ground Lease Premises and Project expressly set forth in Section 1.2, the following uses of the Ground Lease Premises and the Project are expressly prohibited:

1.4.2.1 The Ground Lease Premises and Project shall not be used or developed in any way which violates any Applicable Laws.

1.4.2.2 The Ground Lease Premises and Project shall not be used or developed in any way in a manner inconsistent with the Permitted Uses. Without limiting the foregoing, no part of the Ground Lease Premises shall be used by any person for any adult entertainment purposes, as such term refers to graphic, explicit and/or obscene depictions of sexual activity.

1.4.2.3 The Project shall at all times be kept in good condition and repair consistent with the requirements of this Ground Lease and the Facilities Lease.

1.4.2.4 No condition shall be permitted to exist upon the Ground Lease Premises or Project which induces, breeds or harbors infectious plant diseases, rodents or noxious insects, excessive noise or excessive waste of utilities for a construction project of the size and character of the Project, and LACF2 shall take such measures as are appropriate to prevent any conditions from existing on the Ground Lease Premises or Project which create a danger to the health or safety of any persons occupying, using, working at, or patronizing the Ground Lease Premises or Project.

1.4.2.5 No tools, equipment, or other structure designed for use in boring for water, oil, gas or other subterranean minerals or other substances, or designed for use in any mining operation or exploration, shall hereafter be erected or placed upon or adjacent to the Ground Lease Premises, except (a) as is necessary to allow LACF2 to perform its maintenance and repair obligations pursuant to this Ground Lease, and (b) for such boring or drilling as necessary to perform water testing or monitoring, or any dewatering program to relieve soil water pressure.

1.4.2.6 No adverse environmental condition in violation of Applicable Laws shall be permitted to exist on or in any portion of the Ground Lease Premises or the Project, nor shall any Hazardous Substances be permitted to be generated, treated, stored, released, disposed of, or otherwise deposited in or on, or allowed to emanate from, the Ground Lease Premises, the Project or any portion thereof.

Notwithstanding the foregoing, County acknowledges that County shall be subject to the same prohibited use restrictions in the Facilities Lease, and in the event that County violates such prohibited use restrictions, LACF2 shall not be in default under the Ground Lease.

1.5 Access and Utilities. As reasonably required for the use or occupancy of the Ground Leased Premises or the adjacent lands of County, County and LACF2 shall cooperate regarding the provision of reciprocal temporary and permanent pedestrian, vehicular, parking, and utility access easements to, from, over, and under the Ground Leased Premises and the Project to, from, over, and under adjacent lands of County. County and LACF2 shall execute such instruments as may be necessary to provide for such pedestrian, vehicular, parking, and utility access easements and agree to cooperate in the location thereof. Such instruments will consist of the following:

1.5.1 Parking Agreement. LACF2 covenants, for the benefit of County, to enter into an agreement with Los Angeles County Facilities Inc., a California nonprofit public benefit corporation (“LACF”), as the ground lessee of the that certain parking garage located at 523 Shatto Place (the “Garage”), and County, as the fee owner of the office building located at 510 South Vermont Avenue with approximately 468,000 gross square feet of Class A office space with ground floor retail space and public serving uses, and approximately 965 structured parking spaces, and including the Garage (collectively, the “Site 1 Project”), pursuant to which County (and its employees, subtenants and invitees) shall have the non-exclusive right to use (on the same basis as other users of the Garage) a minimum of six hundred (600) parking spaces in the Garage. Such agreement shall be in substantially the form attached as Exhibit I to the Facilities Lease.

1.5.2 Pedestrian Skybridge Easement. LACF2 covenants, for the benefit of County, to enter into an easement agreement with LACF, as the ground lessee of the land underlying the Site 1 Project, and County, as the fee owner of the land underlying the Site 1 Project and tenant of the Site 1 Project, for the construction and operation of the Pedestrian Skybridge. Such agreement shall be in substantially the form attached as Exhibit V to the Facilities Lease.

1.5.3 Permanent Utility Easement. County, as the fee owner of the land underlying the Site 1 Project, will grant a permanent easement along the boundary of the Site 1 Project adjacent to the Project to construct, install, repair and replace electrical utilities serving the Project. Such permanent easement shall be in substantially the form attached as Exhibit W to the Facilities Lease.

1.5.4 Utility License Agreement. LACF2 will enter into a license agreement with LACF and County, as the fee owner of the land underlying the Site 1 Project, allowing the Project to temporarily access the Site 1 Project's electrical supply during the construction of the Project. Such license agreement shall be in substantially the form attached as Exhibit X to the Facilities Lease.

1.6 Leasehold Title Insurance. The leasehold interest in the Ground Lease Premises granted to LACF2 by County shall be subject only to (a) those easements and reservations of rights set forth in Section 1.5 and (b) those permitted exceptions set forth in the attached Exhibit D. The leasehold interest shall be insured by a CLTA title policy issued by Commonwealth Title Company ([\_\_\_\_]), title officer), and the cost of the policy of title insurance shall be a cost of the Project.

2. Term.

2.1 Term. The term (the "**Term**") of this Ground Lease shall commence on the date on which this Ground Lease is fully executed, acknowledged and delivered by LACF2 and County (the "**Effective Date**") and, unless such term is extended, shall terminate on the earlier of (a) \_\_\_\_\_ [FINAL MATURITY DATE OF THE BONDS] and (b) the date that the Bonds are no longer Outstanding (as defined in the Indenture of Trust, dated for reference purposes as of [\_\_\_\_, 2024], between LACF2 and Trustee (the "**Indenture**")) and the Project has been conveyed by LACF2 to County as set forth in the applicable provisions of the Facilities Lease.

Notwithstanding the foregoing, if on the Expiration Date of the Facilities Lease, the total Base Rent (as defined in the Facilities Lease) otherwise payable has not been fully paid as a result of an Abatement of Rent (as defined in the Facilities Lease) and the Bonds remain Outstanding, then, as provided in the Facilities Lease, the term of the Facilities Lease shall be extended until the total Base Rent otherwise payable thereunder shall be fully paid or such earlier time as the Bonds are no longer Outstanding; provided, however, that such extension shall not exceed ten (10) years. In the event of such an extension, the Term of this Ground Lease shall be deemed extended for the same period of time that the term of the Facilities Lease is extended.

3. Rent. LACF2 shall pay to County as rent for the Term the sum of \$1.00 payable in advance on or before the first day of the Term. In addition, only to the extent that County has paid current all amounts of Additional Rent owed under the Facilities Lease, then LACF2 shall also be required to make the following additional payments:

3.1 Net Lease. The Parties acknowledge that the rent to be paid by LACF2 under this Ground Lease is intended to be absolutely net to County. LACF2 shall be solely responsible for all capital costs (including, without limitation, all structural and roof repairs or replacements) and operating expenses attributable to the operation and maintenance of the Ground Lease Premises



and the Project, including without limitation the parking areas included within the Ground Lease Premises.

3.2 Utilities. LACF2 shall pay or cause to be paid all utility and service charges for furnishing water, power, sewage disposal, light, telephone service, garbage and trash collection, and all other utilities and services, to the Ground Lease Premises and the Project, in addition to costs to bring said utilities to the Ground Lease Premises, unless otherwise provided in the Facilities Lease.

3.3 Taxes and Assessments. LACF2 agrees to pay before delinquency all lawful taxes, assessments, fees, or charges which at any time may be levied by the state, County, city or any tax or assessment levying body upon any interest in this Ground Lease or any possessory right which LACF2 may have in or to the Ground Lease Premises or the Project for any reason, as well as all taxes, assessments, fees, and charges on goods, merchandise, fixtures, appliances, equipment, and property owned by it in, on or about the Ground Lease Premises; provided, however, LACF2 shall not be liable for, and shall have no obligation to pay, real property taxes that accrue against the Ground Lease Premises or the Project from and after the Effective Date through and including the day immediately preceding the Rent Commencement Date (as such term is defined in the Facilities Lease) and County shall be solely responsible for payment of any such real property taxes. LACF2's obligation to pay taxes and assessments hereunder shall include but is not limited to the obligation to pay any taxes and/or assessments, or increases in taxes and/or assessments arising as a result of the making of this Ground Lease or the construction of the Project. LACF2 shall have the right to contest the amount of any assessment imposed against the Ground Lease Premises, the Project or the possessory interest therein; provided, however, the entire expense of any such contest (including interest and penalties which may accrue in respect of such taxes) shall be the responsibility of LACF2.

The Parties acknowledge that under certain circumstances the Ground Lease Premises may be subject to possessory interest taxes, and that such taxes shall be paid by LACF2 within the proper timeframe so as not to be delinquent.. This statement is intended to comply with Section 107.6 of the Revenue and Taxation Code. LACF2 shall include a statement in any sublease (other than the Facilities Lease) to the effect that the interests created therein are derived from LACF2's interest under this Ground Lease and that LACF2's interest requires the payment of a possessory interest tax.

LACF2 shall apply for and use commercially reasonable efforts to obtain and maintain, effective from and after the Effective Date and continuing throughout the Term, the Welfare Exemption from property taxes, as set forth in Section 214 of the Revenue and Taxation Code, or any successor statute, for the Ground Lease Premises and the Project. County shall reasonably cooperate with LACF2's efforts described in the immediately-preceding sentence.

#### 4. Development of Project.

4.1 Construction. In accordance with the Facilities Lease, this Ground Lease and all Applicable Laws, LACF2 shall cause the Project to be constructed and developed on the Ground Lease Premises. LACF2 shall not develop or construct on the Ground Lease Premises any improvements except as set forth in the Facilities Lease.

4.2 Pre-Construction Activities. Following the issuance of the Bonds and after delivery of the Notice to Proceed (as defined in the Development Agreement) by LACF2 to TCLA, without a requirement of notice by County, LACF2 shall, pursuant to the Development Agreement, cause TCLA to ensure, at its sole cost and expense, that the Ground Lease Premises are secured and kept free of any trespassers or other non-permitted occupiers, illegal activities, graffiti, trash, or any other conditions that could pose a threat to public health, safety or order, other otherwise create a nuisance. Notwithstanding the foregoing, upon notification by County or any other governmental agency having jurisdiction over the Premises, LACF2 shall promptly cause TCLA to take corrective actions to cure an of the foregoing conditions.

4.3 Ownership of the Project. During the Term, the Project together with any other improvements permitted under this Ground Lease and the Facilities Lease shall be owned by LACF2. However, LACF2 shall have no ownership interest in the Ground Lease Premises other than its leasehold interest under this Ground Lease. Notwithstanding the foregoing, the Parties intend that the separation of the title to the Ground Lease Premises from the title to the Project shall not change the character of the Project as real property.

4.3.1 No Conveyance of the Project. During the term of this Ground Lease, the Project shall not be conveyed, transferred or assigned except that a lien may be granted by LACF2 under the terms of a Leasehold Mortgage (as defined in the Facilities Lease) for the benefit of the trustee for the Bonds, as further described in the Indenture. In its capacity as the beneficiary of the Leasehold Mortgage, the trustee for the Bonds is hereafter referred to as the “**Leasehold Mortgagee.**” At all times, the owner of the leasehold interest under this Ground Lease shall also be the owner of the Project. Any attempted conveyance, transfer or assignment, whether voluntarily or by operation of law or otherwise, to any person or entity not in compliance with the preceding sentence shall be void and of no effect whatsoever.

4.3.2 Vesting of the Project in County. Upon the date the Bonds are no longer Outstanding, all of LACF2’s right, title and interest in and to the improvements constructed pursuant to the Project shall terminate and title to the Project shall automatically vest in County and the Project shall be surrendered by LACF2 to County. No further deed or other instrument shall be necessary to confirm the vesting in County of title to the Project; however, LACF2 shall upon request of the County and in a timely manner, execute, acknowledge and deliver to County a quitclaim deed to convey all of LACF2’s leasehold interest in the Ground Lease Premises and its ownership of the Project and any other improvements constructed by LACF2 on the Ground Lease Premises to County and to confirm that title to the Project has vested in County.

5. Condition of the Ground Lease Premises.

5.1 “As Is”. LACF2 accepts the Ground Lease Premises “as is” in its existing condition to the extent provided in this Section 5.1, and LACF2 shall cause any environmental remediation contemplated in the approved Project Budget (as defined in the Development Agreement) to be completed at the Ground Lease Premises (the “**Environmental Work**”) in accordance with Applicable Laws. Other than the completion of the Environmental Work, County shall be solely responsible for all claims, judgments, damages, penalties, fines, expenses, liabilities or losses

relating to the presence, release or disposal of Hazardous Substances that (i) were present in the soil, groundwater, soil vapor, or anywhere on, in, or under the Ground Lease Premises as of the Effective Date, including but not limited to Hazardous Substances located within the existing improvements located on the Ground Lease Premises as of the Effective Date; (ii) are at any time present on any adjacent property owned or controlled by County and which result in contamination of the Ground Lease Premises; or (iii) contaminate the Ground Lease Premises as a result of the act or omission of County or the act or omission of any party for which County is liable. County's obligation shall include any costs of investigation or remediation of such toxic or hazard substances that may be required by any federal, state or local government agency. County shall not be responsible for any claims, judgments, damages, penalties, fines, expenses, liabilities, or losses relating to the release or disposal of Hazardous Substances on the Ground Lease Premises during construction of the Project (other than County's obligations with respect to Hazardous Substances located on, in, or under the Ground Lease Premises as of the Effective Date set forth in the preceding sentence) or at any other time during the Term by LACF2 or the act or omission of LACF2's contractors or their subcontractors or any other party for which LACF2 is liable, and the responsibility for the same shall remain with LACF2.

5.2 "Hazardous Substances. **"Hazardous Substances"** means the following: (a) petroleum, any petroleum by-products, waste oil, crude oil or natural gas; (b) any material, waste or substance that is or contains asbestos or polychlorinated biphenyls, or is radioactive; any medical waste; and (c) any substance, product, waste or other material of any nature whatsoever which is or becomes defined, listed or regulated as a "hazardous substance," "hazardous material," "hazardous waste," "toxic substance," "solid waste," "radioactive material," or similarly defined substance pursuant to any Applicable Laws, including the Comprehensive Environmental Response Compensation and Liability Act of 1980, as amended, 42 U.S.C. §§ 9601 *et seq.*; the Hazardous Materials Transportation Act, 49 U.S.C. §§ 1801 *et seq.*; the Resource Conservation and Recovery Act, 42 U.S.C. §§ 6901 *et seq.*; the California Health & Safety Code and all other analogous State of California and local statutes, ordinances and regulations, including, without limitation, any dealing with underground storage tanks; provided, however, "Hazardous Substances" shall not include any of the foregoing materials or substances described above that are of the types and in quantities customarily used in the ordinary course of construction, occupancy or operation of office buildings similar to the Project, including, without limitation, in the ordinary course of delivering medical care in accordance with generally accepted standard practices, consisting of (i) office, cleaning, building maintenance, and construction materials and supplies used in reasonable quantities and in the ordinary course of the construction, occupancy or operation of the Project, and (ii) gasoline or diesel fuel in the tanks of automobiles and other machines located on the Ground Lease Premises (whether during construction or otherwise); but only so long as, in the case of (i) and (ii), they are always stored, maintained, used and disposed of in compliance with all Applicable Laws.

5.3 County's Right to Inspect. County shall have the right to inspect the Ground Lease Premises at any time.

6. Liens; Security Interest.

6.1 Leasehold Mortgage. Except for the Leasehold Mortgage, to be granted by LACF2 to the Leasehold Mortgagee as security for the Bonds to be issued to finance the Project or as

otherwise specifically approved in writing by County, LACF2 shall not directly or indirectly create or permit to be created or to remain, and will discharge, any mortgage, lien, security interest, encumbrance or charge on the Ground Lease Premises, the Project or any part thereof or on LACF2's interest therein.

6.2 Protection of Leasehold Mortgagee. For so long as the Leasehold Mortgage remains in force and effect the following provisions shall apply:

6.2.1 Notice of Default. County upon serving LACF2 any notice of default pursuant to the provisions of this Ground Lease shall also serve a copy of such notice upon Leasehold Mortgagee at the address set forth in Section 14 or as subsequently provided in writing by Leasehold Mortgagee to County pursuant to the notice provisions set forth in Section 14. No notice to LACF2 under this Ground Lease shall be deemed to have been duly given unless and until a copy thereof has been provided to such Leasehold Mortgagee in accordance with Section 14. From and after the date such notice has been given to Leasehold Mortgagee, such Leasehold Mortgagee shall have the same period, after the giving of such notice upon it, for remedying any default or acts or omissions which are the subject matter of such notice, or causing the same to be remedied, as is given LACF2 after the giving of such notice to LACF2 under this Ground Lease, plus in each instance the additional periods of time specified in Sections 6.2.2 and 6.2.3 to remedy, commence remedying or cause to be remedied, the defaults or acts or omissions which are specified in such notice.

6.2.2 Right to Cure. Leasehold Mortgagee shall have the right, but not the obligation, to remedy such default or cause the same to be remedied for a period of one hundred twenty (120) days after the expiration of LACF2's cure period, if any, provided under this Ground Lease, for LACF2 to remedy same, and County shall accept such performance by or at the instance of Leasehold Mortgagee as if the same had been made by LACF2.

6.2.3 Extended Cure Period. If a non-monetary default is reasonably susceptible of cure, but cannot reasonably be remedied within one hundred twenty (120) days after receipt of notice of default, then, so long as the cure for any non-monetary default under this Ground Lease has commenced within one hundred twenty (120) days after receipt of notice of default, and is thereafter diligently and in good faith continuously prosecuted to completion, the cure period will be extended. Such cure period shall include any time required to obtain possession of the Ground Lease Premises by foreclosure of the Leasehold Mortgage or by other appropriate means by reasonable diligence, or until such earlier time as all defaults of LACF2 are cured. Nothing in this Section 6.2.3, however, shall be construed to extend this Ground Lease beyond the Term, nor to require a Leasehold Mortgagee to continue such foreclosure proceedings after all defaults are cured.

6.2.4 New Ground Lease. In the event of the termination of this Ground Lease prior to the expiration of the Term for any reason, including a termination by reason of a bankruptcy by LACF2, County shall provide the Leasehold Mortgagee written notice that the Ground Lease has been terminated together with a statement of any and all sums which would at the time be due under this Ground Lease but for such termination and of all other

defaults, if any, under this Ground Lease then known to County. Leasehold Mortgagee shall thereupon have the option, but shall in no event be obligated, to obtain a new lease in accordance with and upon compliance with each of the following terms and conditions:

6.2.4.1 Leasehold Mortgagee shall, within sixty (60) days following receipt of written notice of termination of this Ground Lease, provide written notice to County that it desires to enter into a new lease of the Ground Lease Premises with County; and

6.2.4.2 County and Leasehold Mortgagee shall enter into a new lease within one hundred twenty (120) days after County's receipt of notice under Section 6.2.4.1, which shall be effective as of the date of the termination of this Ground Lease and shall be for the remainder of the Term of this Ground Lease and at the Rent and upon all other terms, covenants and conditions as this Ground Lease (excluding requirements which are inapplicable or have already been fulfilled).

6.2.5 Notices. Any notice or other communication which County shall desire or is required to give or serve upon Leasehold Mortgagee shall be in writing and shall be provided in accordance with Section 14. Any notice or other communication which such Leasehold Mortgagee shall desire or is required to give or serve upon County shall be in writing and shall be provided in accordance with Section 14.

6.2.6 Amendments. No agreement between County and LACF2 modifying, canceling or surrendering this Ground Lease shall be effective without (a) the prior written consent of the Trustee in accordance with Section 9.07 of the Indenture and (b) a Favorable Opinion of Bond Counsel (as defined in the Indenture) delivered to the Trustee.

6.2.7 Insurance Clauses. If required by Leasehold Mortgagee, Leasehold Mortgagee shall be named as its interests may appear on any insurance policies covering the Ground Lease Premises.

6.2.8 Leasehold Mortgage Not a Transfer. The making of a Leasehold Mortgage shall not be deemed to constitute an assignment or transfer of this Ground Lease or the leasehold estate hereby created, nor shall any Leasehold Mortgagee, as such, be deemed to be an assignee or transferee of LACF2's interest under this Ground Lease or of the leasehold estate created hereby so as to require such Leasehold Mortgagee as such to assume the performance of any of the terms, covenants or conditions on the part of LACF2 to be performed prior to foreclosure of the Leasehold Mortgage; provided, however, that upon foreclosure of the Leasehold Mortgage, the Leasehold Mortgagee or any purchaser at any sale of LACF2's rights under this Ground Lease in any proceedings for the foreclosure of any Leasehold Mortgage, or the assignee or transferee of LACF2's rights under this Ground Lease created under any instrument of assignment or transfer in lieu of foreclosure of any Leasehold Mortgage, shall be deemed to have agreed to perform all of the terms, covenants and conditions on the part of LACF2 to be performed hereunder from and after the date of such purchase and assignment.



6.2.9 Leasehold Mortgagee's Right to Assign. Notwithstanding any provision of this Ground Lease to the contrary, upon acquiring LACF2's interest under this Ground Lease pursuant to foreclosure, assignment in lieu of foreclosure or other proceedings Leasehold Mortgagee may, upon acquiring LACF2's interest under this Ground Lease, or a new lease as provided above, and without further consent of County, sell and assign such leasehold interest on such terms and to such persons and organizations as are acceptable to such Leasehold Mortgagee and which meet the requirements set forth in Section 15.3.3, and thereafter be relieved of all obligations under this Ground Lease, which accrue after the date of such sale or assignment so long as each of the following conditions are met:

6.2.9.1 There is no default on the part of Leasehold Mortgagee under this Ground Lease and no event that with the giving of notice, the passage of time, or both, would constitute an Event of Default by Leasehold Mortgagee under this Ground Lease, all such defaults having been cured to the reasonable satisfaction of County prior to the Effective Date of such assignment;

6.2.9.2 If such assignee will not itself manage the Project, its proposed operator shall have sufficient experienced and competent personnel to construct (if applicable), operate, manage, maintain, and repair the Project in accordance with the requirements of this Ground Lease and as set forth in Section 15.3.3; and

6.2.9.3 As part of such assignment the assignee shall assume all of the obligations of LACF2 under this Ground Lease by executing, acknowledging and recording one or more assumption agreements in form and substance reasonably satisfactory to County. The assignee shall thereafter have all the rights and shall perform all the duties and obligations of LACF2 under this Ground Lease.

6.2.9.4 No Leasehold Mortgagee or assignee shall have any liability under this Ground Lease beyond its interest in this Ground Lease, even if it becomes the tenant. Any such liability shall terminate if and when any such Leasehold Mortgagee or assignee assigns (and the assignee assumes) this Ground Lease; provided, however, no such sale or assignment shall release Leasehold Mortgagee or such assignee from any claims or obligations under this Ground Lease, which arose while Leasehold Mortgagee or any of its affiliates or assignee held the leasehold interest under this Ground Lease or was in possession of the Ground Lease Premises.

6.2.10 Rejection of Unexpired Ground Lease by LACF2 or LACF2's Bankruptcy Trustee. If LACF2 or LACF2's Bankruptcy Trustee rejects this Ground Lease during the Term in a proceeding under Section 365 of the United States Bankruptcy Code or similar or successor statute, such rejection will have no effect on the rights of Leasehold Mortgagee under this Section 6.2, which rights will remain in full force and effect notwithstanding such rejection as if the same were provided for in a separate and independent agreement between County and such Leasehold Mortgagee, and such Leasehold Mortgagee shall have the right to a new ground lease on the same terms and conditions set forth in Section 6.2. The provisions set forth in Section 6.2 granting Leasehold Mortgagee certain rights are for

the express benefit of each such Leasehold Mortgagee for the term set forth in this Section 6.2 and are independent of the other provisions of this Ground Lease.

6.2.11 No Merger. So long as any Leasehold Mortgage is in existence, unless the Leasehold Mortgagee otherwise consents in writing, the fee title to the Ground Lease Premises and the leasehold estate of LACF2 therein created by this Ground Lease shall not merge but shall remain separate and distinct, notwithstanding the acquisition of said fee title and said leasehold estate by County or by LACF2 or by a third party, by purchase or otherwise.

6.2.12 Further Assurances. Upon request from LACF2 or any Leasehold Mortgagee (prospective or current), County shall promptly and in writing, under documentation reasonably satisfactory to County and the requesting party: certify whether or not (a) this Ground Lease is in full force and effect, (b) to County's knowledge a default exists, (c) the date through which rent has been paid, and (d) such other similar matters as may be reasonably requested, all subject to any then exceptions reasonably specified in such certificate.

6.2.13 Miscellaneous. Notwithstanding anything to the contrary in this Ground Lease, Leasehold Mortgagee: (a) may exercise its rights through an affiliate, assignee, designee, nominee, subsidiary or other person, acting in its own name or in Leasehold Mortgagee's name (and anyone so acting shall automatically have the same protections, rights, and limitations of liability as Leasehold Mortgagee); (b) shall never be obligated to cure any LACF2 default; (c) may abandon such cure at any time; and (d) may withhold its consent or approval for any reason when acting upon the direction of the holders of a majority in aggregate principal amount of the Bonds. Any such consent or approval must be in writing.

## 7. Indemnify and Hold Harmless.

7.1 Indemnification by County. County shall indemnify, defend and hold harmless LACF2 and its officers, representatives, employees, and agents (the "**Indemnified LACF2 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 County including, without limitation, any breach of this Ground Lease except to the extent that such Liabilities are caused by the negligence or willful misconduct of LACF2.

7.2 Indemnification by LACF2. LACF2 shall indemnify, defend and hold harmless County and its special districts, elected officials, officers, agents, employees and volunteers (the "**Indemnified County Parties**") from and against any and all Liabilities (as defined in Section 7.1), arising out of or relating to the negligent acts, errors, or omissions of LACF2 including, without limitation, any breach of this Ground Lease except to the extent that such Liabilities are caused by the negligence or willful misconduct of County.

7.3 Survival. The indemnification provisions of this Section 7 shall remain in full force and effect and survive the termination and/or expiration of this Ground Lease.

8. Minimum Scope of Insurance Coverage for LACF2. For so long as the Facilities Lease remains in effect, the insurance provisions thereof shall be deemed to be substituted in their entirety for this Section 8. At any other time, the following provisions shall be applicable:

8.1 General Insurance Provisions. Without limiting LACF2's indemnification of County, and during the Term and until all of LACF2's obligations pursuant to this Ground Lease have been met, LACF2 shall provide and maintain at its own expense insurance coverage satisfying the requirements specified in this Ground Lease (the "**Required Insurance**"). County in no way warrants that the Required Insurance is sufficient to protect LACF2 for liabilities which may arise from or relate to this Ground Lease.

8.1.1 Evidence of Coverage and Notice to County. Certificate(s) of insurance coverage (each an "**Insurance Certificate**") satisfactory to County and a copy of an Additional Insured endorsement confirming that the Indemnified County Parties have been given Insured status under the LACF2's General Liability policy, shall be delivered to County at the address set forth in Section 8.1.1.4, prior to the Effective Date.

8.1.1.1 Renewal Insurance Certificates shall be provided to County prior to LACF2's policy expiration dates. County reserves the right to obtain complete, certified copies of any Required Insurance policies at any time.

8.1.1.2 Each Insurance Certificate shall identify all Required Insurance coverage types and limits, reference this Ground Lease by name or number, and be signed by an authorized representative of the insurer(s). The Insured party named on the Insurance Certificate shall be LACF2. Each Insurance Certificates shall provide the full name of each insurer providing coverage, its NAIC (National Association of Insurance Commissioners) identification number, its financial rating, the amounts of any policy deductibles or self-insured retentions exceeding twenty-five thousand (\$25,000.00) dollars, and list any County required endorsement forms.

8.1.1.3 Neither County's failure to obtain, nor County's receipt of, or failure to object to a non-complying Insurance Certificate or endorsement, or any other insurance documentation or information provided by LACF2, its insurance broker(s) and/or insurer(s), shall be construed as a waiver of any of the Required Insurance provisions.

8.1.1.4 Insurance Certificates and copies of any required endorsements, notices of cancellation shall be delivered to:

County of Los Angeles  
Chief Executive Office



Real Estate Division  
320 West Temple Street, 7th Floor  
Los Angeles, CA 90012  
Attention: Senior Manager

8.1.2 Claims Notice. LACF2 shall promptly notify County of any third party claim or suit filed against LACF2 which arises from or relates to this Ground Lease, and could result in the filing of a claim or lawsuit against LACF2 and/or County.

8.1.3 Additional Insured Status and Scope of Coverage. Indemnified County Parties, shall be provided additional insured status under LACF2's General Liability policy with respect to liability arising from or connected with LACF2's acts, errors, and omissions arising from and/or relating to LACF2's operations on and/or its use of the Ground Lease Premises. Indemnified County Parties' additional insured status shall apply with respect to liability and defense of suits arising out of the LACF2's acts or omissions, whether such liability is attributable to LACF2 or to Indemnified County Parties. The full policy limits and scope of protection also shall apply to Indemnified County Parties as an additional insured, even if they exceed the minimum Required Insurance provisions hereof. Use of an automatic additional insured endorsement form is acceptable providing it satisfies the Required Insurance provisions.

8.1.4 Cancellation of or Changes in Insurance. LACF2 shall provide County with, or LACF2's insurance policies shall contain a provision that County shall receive, written notice of cancellation or any change in Required Insurance, including insurer, limits of coverage, term of coverage or policy period. The written notice shall be provided to County at least ten (10) days in advance of cancellation for non-payment of premium and thirty (30) days in advance for any other cancellation or policy change. Failure to provide written notice of cancellation or any change in Required Insurance shall an Event of Default by LACF2.

8.1.5 Failure to Maintain Required Insurance. LACF2's failure to maintain or to provide acceptable evidence that it maintains the Required Insurance shall constitute an Event of Default by LACF2. County, at its sole discretion, may obtain damages from LACF2 resulting from LACF2's failure to maintain Required Insurance, and/or County may elect to purchase the Required Insurance without further notice to LACF2, and LACF2 shall promptly reimburse County's expense of such purchase.

8.1.6 Insurer Financial Ratings. Required Insurance is to be provided by an insurance company authorized to do business in the State of California and acceptable to County, with an A.M. Best rating of not less than A:VII, unless otherwise approved by County.

8.1.7 LACF2's Insurance Shall Be Primary. LACF2's insurance policies, with respect to any claims related to this Ground Lease, shall be primary with respect to all other sources of coverage available to County. Any County maintained insurance or self-insurance coverage shall be in excess of and not contribute to any LACF2 coverage.

8.1.8 Waiver of Subrogation. To the fullest extent permitted by law, LACF2 waives its and its insurer(s) rights of recovery against County under all Required Insurance policies for any loss arising from or related to this Ground Lease. LACF2 shall require its insurers to execute any waiver of subrogation endorsements which may be necessary to affect such waiver.

8.1.9 Deductibles and Self-Insured Retentions. LACF2's policies shall not obligate County to pay any portion of any LACF2 deductible or Self-Insured Retentions ("SIR"). County retains the right to require LACF2 to reduce or eliminate policy deductibles and SIRs with respect to County, or to provide a bond guaranteeing LACF2's payment of all deductibles and SIRs, including all related claims investigation, administration and defense expenses. Such bond shall be executed by a corporate surety licensed to transact business in the State of California.

8.1.10 Claims Made Coverage. If any part of the Required Insurance is written on a claims made basis, any policy retroactive date shall precede the Effective Date, and LACF2 shall maintain such coverage for a period of not less than three (3) years following the end of the Term.

8.1.11 Application of Excess Liability Coverage. LACF2 may use a combination of primary and excess insurance policies that provide coverage as broad as ("follow form" over) the underlying primary policies, to satisfy the Required Insurance provisions.

8.1.12 Separation of Insureds. All liability policies shall provide cross-liability coverage as would be afforded by the standard ISO (Insurance Services Office, Inc.) separation of insureds provision with no insured versus insured exclusions or limitations.

8.1.13 County Review and Approval of Required Insurance. County reserves the right to review and adjust the Required Insurance provisions, conditioned upon County's determination of changes in risk exposures.

8.2 Insurance Coverage Types and Limits. The Required Insurance includes the following insurance types and coverages:

8.2.1 Commercial General Liability Insurance. Commercial General Liability insurance (providing scope of coverage equivalent to ISO policy form CG 00 01), naming Indemnified County Parties as an additional insured, with limits of not less than:

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

8.2.2 Automobile Liability Insurance. Automobile Liability insurance (insurance providing scope of coverage equivalent to ISO policy form CA 00 01) with limits of not less than \$1 million for bodily injury and property damage, in combined or equivalent split limits, for each single accident. Insurance shall cover liability arising out

of LACF2's use of autos pursuant to this Ground Lease, including owned, leased, hired, and/or non-owned autos, as each may be applicable.

8.2.3 Workers Compensation and Employers' Liability Insurance. Workers Compensation and Employers' Liability insurance or qualified self-insurance satisfying statutory requirements, which includes Employers' Liability coverage with limits of not less than \$1 million per accident. If applicable to LACF2's operations, coverage also shall be arranged to satisfy the requirements of any federal workers or workmen's compensation law or any federal occupational disease law.

8.2.4 Commercial Property Insurance. Commercial Property Insurance shall:

8.2.4.1 Provide coverage for County's property and any improvements and betterments; this coverage shall be at least as broad as that provided by the Causes-of-Loss Special Form (ISO form CP 10 30), excluding earthquake and including flood and ordinance or law coverage.

8.2.4.2 Be written for the full replacement cost of the property, with a deductible no greater than two hundred fifty thousand (\$250,000) or five percent (5%) of the property value, whichever is less. Insurance proceeds shall be payable to the LACF2 and County as their interests may appear.

9. Eminent Domain. In the event of any taking of the Ground Lease Premises, in whole or in part, by eminent domain proceedings, the interest of LACF2 shall be recognized and is hereby determined to be the amount of the then unpaid or outstanding Bonds and other amounts due under the Indenture and the Facilities Lease attributable to such part of the Facilities and shall be paid to the Trustee and applied as set forth in the Facilities Lease, and the balance of the award, if any, shall be paid to the County.

10. Events of Default by LACF2 and County's Remedies.

10.1 Events of Default. The following occurrences or acts shall constitute an Event of Default by LACF2 (each an "**Event of Default**") under this Ground Lease:

10.1.1 Monetary Defaults. The failure of LACF2 to pay the rentals due, or make any other monetary payments required under this Ground Lease, within ten (10) days after receiving written notice that any such payment is overdue. LACF2 may cure such nonpayment by paying the amount overdue within such ten (10) day period.

10.1.2 Failure to Perform Other Obligations. The failure of LACF2 to keep, perform, and observe any and all other promises, covenants, conditions, and agreements set forth in this Ground Lease within thirty (30) days after receiving written notice of LACF2's failure to perform; provided, however, that where LACF2's performance of such covenant, condition or agreement is not reasonably susceptible of completion within such thirty (30) day period and LACF2 has in good faith commenced and is continuing to perform the acts necessary to perform such covenant, condition or agreement within such thirty (30) day period, County will not exercise any remedy available to it hereunder for so

long as LACF2 uses reasonable due diligence in continuing to pursue to completion the performance such covenant, condition or agreement and so completes performance within a reasonable time.

10.1.3 LACF2's Financial Condition. LACF2 shall be in default hereunder if LACF2 shall make a general assignment for the benefit of creditors, or shall file a petition in bankruptcy, or shall be adjudicated as bankrupt or insolvent, or shall file a petition seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation, or shall file an answer admitting or shall fail seasonably to contest the material allegations of a petition filed against it in any such proceeding, or shall seek or consent to or acquiesce in the appointment of any trustee, receiver or liquidator of LACF2 or any material part of its properties.

10.1.4 LACF2 Event of Default Under Facilities Lease. Any LACF2 Event of Default under the Facilities Lease shall be an Event of Default under this Ground Lease.

10.1.5 LACF2 Default Under Development Agreement. Any LACF2 Default under the Development Agreement (beyond any applicable notice and cure period) shall be an Event of Default under this Ground Lease.

10.1.6 Limitation on Events of Default. Except with respect to breaches or defaults with respect to the payment of money, LACF2 shall not be considered in default as to any provision of this Ground Lease to the extent such default is the result of or pursuant to, any process, order, or decree of any court or regulatory body with jurisdiction, or any other circumstances which are physically or legally impossible to cure, provided LACF2 uses due diligence in pursuing whatever is required to obtain release from or reversal of such process, order, or decree or is attempting to remedy such other circumstances preventing its performance. With respect to breaches or defaults with respect to the payment of money, LACF2 shall not be considered in default as to any provision of this Ground Lease to the extent such default is the result of or pursuant to, any default by County under the Facilities Lease.

10.2 Remedies upon LACF2's Default. Upon the occurrence of an Event of Default, and subject to the rights of any Leasehold Mortgagee to cure such Event of Default as provided in Section 6, County may exercise any remedy which may be available to it at law or equity, including but not limited to actions for damages, and/or injunctive relief, provided, however, that, unless the Bonds are no longer Outstanding, County may not terminate this Ground Lease prior to the end of the Term.

10.3 Cumulative Rights and Remedies. The rights and remedies reserved to County herein, including those not specifically described, shall be cumulative, and except as provided by California statutory law in effect at the time, County may pursue any and all such rights and remedies at the same time or independently.

10.4 No Waiver. No delay or omission of County to exercise any right or remedy shall, except as expressly provided herein, be construed as a waiver of any such right or remedy or of

any default by LACF2 hereunder. The acceptance by County of rent shall not be a waiver of any preceding breach or default by LACF2 of any provision hereof, other than the failure of LACF2 to pay the particular rent accepted, regardless of County's knowledge of such preceding breach or default at the time of acceptance of such rent, or, except as expressly set forth herein, a waiver of County's right to exercise any remedy available to County by virtue of such breach or default.

10.5 Attorneys' Fees. In the event suit is brought by County or LACF2 relating to this Ground Lease, including for the breach of any covenant or condition of this Ground Lease, each Party shall bear its own costs and expenses, including attorneys' fees, regardless of the prevailing Party, unless otherwise awarded by a court of competent jurisdiction.

10.6 Waiver of Damages. Notwithstanding any provision in this Ground Lease to the contrary, in no event shall LACF2 or County, or any of their respective board members, affiliates, managers, members, shareholders, employees, or representatives, be liable under this Ground Lease to the other Party, or its respective board members, affiliates, managers, members, shareholders, employees, or representatives, for consequential, loss of the bargain, punitive, exemplary, statutory, indirect, special, punitive or similar losses or damages.

11. **Quiet Enjoyment.** If and so long as LACF2 shall pay all rent and all other amounts payable by LACF2 hereunder whenever the same shall become due and shall keep all of the covenants and conditions required by it to be kept during the term of this Ground Lease, County shall not interfere with the peaceful and quiet occupation and enjoyment of the Ground Lease Premises by LACF2.
12. **Compliance with Laws.** LACF2 shall not use the Ground Lease Premises or permit anything to be done in or about the Ground Lease Premises which will in any way conflict with any Applicable Laws or any other law, statute, ordinance or governmental rule or regulation now in force or which may hereafter be enacted or promulgated. LACF2 shall, at its sole cost and expense, promptly comply with all Applicable Laws and any other laws, statutes, ordinances and governmental rules, regulations or requirements now in force or which may hereafter be in force, and obtain all permits, licenses or other approvals required by governmental agencies or bodies.
13. **Waiver Limitations.** The waiver by either Party of any term, covenant or condition herein contained on the part of the other Party to be performed shall not be deemed a waiver of such term, covenant or condition for any subsequent breach of the same or any other term, covenant or condition herein contained. The subsequent acceptance by a Party of the other Party's performance of any obligations hereunder shall not be deemed to be a waiver of any preceding breach of any term, covenant or condition of this Ground Lease.
14. **Notices.** All notices or requests required or permitted under this Ground Lease shall be in writing, shall be (i) personally delivered, (ii) sent by certified or registered mail, return receipt requested, postage prepaid, or (iii) delivered by a nationally recognized overnight courier and shall be deemed given when so delivered or received. All notices or requests shall be sent as follows:

**If to County:**

County of Los Angeles  
Chief Executive Office – Real Estate Division  
County of Los Angeles  
320 West Temple.,7th Floor  
Los Angeles, CA 90012  
Attention: Senior Manager

With a copy to:

Office of the County Counsel  
County of Los Angeles  
500 West Temple Street, 6th Floor  
Los Angeles, CA 90012-2932  
Attention: Behnaz Tashakorian

Chief Executive Office- Capital Projects  
County of Los Angeles  
500 West Temple St. Room 713  
Los Angeles, CA 90012  
Attention: Assistant Chief Executive Officer

Treasurer and Tax Collector- Public Finance  
County of Los Angeles  
500 West Temple St., Room 432  
Los Angeles, CA 90012  
Attention: Assistant Treasurer and Tax Collector

**If to LACF2:**

Los Angeles County Facilities Inc.  
c/o Public Facilities Group  
1700 Seventh Avenue  
Suite 2100, PMB 552  
Seattle, WA 98101  
Attention: John Finke

With a copy to:

Hillis Clark Martin & Peterson PS  
999 Third Avenue, Suite 4600  
Seattle, WA 98104  
Attention: Matthew W. Markovich

**If to Leasehold Mortgagee:**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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 14.

15. Assignment and Subleasing.

15.1 Purpose of Ground Lease; Unique Qualifications of LACF2 and Key Staff. LACF2 acknowledges and agrees that (a) the sole and explicit purpose of this Ground Lease is for LACF2 to construct the Project on the Ground Lease Premises and to then sublease the Project and the Ground Lease Premises to County pursuant to the Facilities Lease (a “**Lease/Leaseback Transaction**”); (b) the board members, officers and employees of LACF2 have unique and specialized knowledge in structuring and managing Lease/Leaseback Transactions for public entities in which bonds are issued; (c) because of the attributes explicitly described in clauses (a) and (b) in this Section 15.1, together with many other attributes not explicitly described herein but nevertheless acknowledged by the Parties, the restraints on any Subleases and Assignments set forth in this Section 15 are conclusively agreed by the Parties to be reasonable and in no event an unreasonable restraint on alienation.

15.2 Subleasing. The Parties intend that LACF2 shall enter into the Facilities Lease with County. Any other proposed Sublease of the Ground Lease Premises shall only be allowed in the event of an Event of a Tenant Default under the Facilities Lease, and then subject to the terms and conditions set forth in this Section 15.

15.2.1 Definition of Sublease. The term “**Sublease**” means any lease, license, permit, concession, or other interest in the Ground Lease Premises or the Project, or a right to use the Ground Lease Premises or a portion thereof, which is conveyed or granted by LACF2 to a party other than the County pursuant to the Facilities Lease, and which constitutes less than the unrestricted conveyance of the entire LACF2 interest under this Ground Lease. “**Subtenant**” means the person or entity (other than County) to whom such right to use is conveyed by a Sublease.

15.2.2 Facilities Lease. Concurrently herewith the Parties have entered into the Facilities Lease, which shall be effective as of the Effective Date.

15.2.3 LACF2’s Right to Sublease. In the event that County, as the subtenant under the Facilities Lease, is subject to an Event of Tenant Default under the Facilities Lease, the Facilities Lease is terminated, and County has been lawfully evicted from the Ground Lease Premises (collectively, a “**County Eviction**”), then, and only then, shall LACF2 have the right to Sublease the Ground Lease Premises pursuant to the following: LACF2 may freely execute Subleases (and amendments, modifications, renewals of assignments thereof) without the consent or approval of County provided that (a) the subleased Ground Lease Premises shall be utilized only for Permitted Uses, (b) the Sublease shall terminate no later than the end of the Term of this Ground Lease or its earlier termination, (c) the terms and conditions of the Sublease are consistent with those specific terms and conditions of this Ground Lease and the Sublease does not otherwise purport to grant rights LACF2 does not possess or violate the terms and conditions of this Ground Lease or any Applicable Laws. No Sublease shall be effective without a Favorable Opinion of Bond Counsel (as defined in the Indenture) delivered to the Trustee. Prior to entering



into any Sublease, LACF2 shall submit to County for its approval, not to be unreasonably withheld, conditioned or delayed, the form of sublease and any related agreement. Any material changes to these forms and agreements in the future shall also be submitted to County for its review and approval, not to be unreasonably withheld, conditioned or delayed. Notwithstanding anything to the contrary elsewhere in this Ground Lease, in the event of a County Eviction, the Permitted Uses shall be automatically amended to include general office and retail use by any Subtenant.

15.2.4 Retail Space Subleases. Notwithstanding the foregoing, the Parties acknowledge that the Facilities Lease contemplates that LACF2 will sub-sublease the two (2) one-thousand (1,000) square foot retail spaces located on the ground floor of the Office Building to third party users identified by the County pursuant to a written sublease agreement, and that nothing in Section 15.2 of this Ground Lease will prohibit LACF2 from entering into such sublease agreements in accordance with the terms of the Facilities Lease.

15.3 Assignment. Except for the Leasehold Mortgage, LACF2 shall not assign, mortgage, or encumber this Ground Lease or delegate the duties of LACF2 under this Ground Lease without the prior written consent of County, which may be granted, withheld or conditioned at County's sole and absolute discretion. A consent to one assignment shall not be deemed to be a consent by County to any subsequent assignment by another person. This Ground Lease shall not, nor shall any interest of LACF2 herein, be assignable by operation of law.

15.3.1 Approval of Assignments. Except as specifically provided in this Article 15, LACF2 shall not, without the prior written consent of County, which may be granted, withheld or conditioned at County's sole and absolute discretion, either directly or indirectly give, assign, hypothecate, encumber, transfer, or grant control of this Ground Lease or any interest, right, or privilege therein, or enter into a Sublease for the use of all or substantially all of the Ground Lease Premises.

15.3.2 Involuntary Transfers Prohibited. Except as otherwise specifically provided in this Ground Lease, neither this Ground Lease nor any interest therein shall be assignable or transferable in proceedings in attachment, garnishment, or execution against LACF2, or in voluntary or involuntary proceedings in bankruptcy or insolvency or receivership taken by or against LACF2, or by any process of law including proceedings under the Bankruptcy Act.

15.3.3 Additional Requirements. Any assignee must (a) be a public benefit corporation established under Section 501(c)(3) of the Code and (b) have staff with comparable or better skills and experience as John Finke in Lease/Leaseback Transactions.

15.4 Key Staffing. In the event that John Finke, resigns, is removed or is otherwise unable, incapable or unwilling to continue in his capacity as Chief Executive Officer and board chair for LACF2, then LACF2 shall replace John Finke with Erin Birkenkopf or Matt Calcavecchia, or another person having at comparable or better skills and experience in Lease/Leaseback Transactions and such other replacement shall be subject to County's approval, which may not be unreasonably withheld, conditioned or delayed.



15.5 Terms Binding Upon Successors, Assigns and Subtenants. Except as otherwise specifically provided for herein, each and all of the provisions, agreements, terms, covenants, and conditions herein contained to be performed, fulfilled, observed, and kept by LACF2 hereunder shall be binding upon the heirs, executors, administrators, successors, and assigns of LACF2, and all rights, privileges and benefits arising under this Ground Lease in favor of LACF2 shall be available in favor of its heirs, executors, administrators, successors, and assigns.

16. Representations and Warranties.

16.1 Representations and Warranties of LACF2. LACF2 hereby makes the following representations and warranties as of the Effective Date:

16.1.1 Legal Power. LACF2 has the legal power, right and authority to enter into this Ground Lease and to consummate the transactions contemplated and described herein.

16.1.2 Binding Obligation of LACF2. This Ground Lease is a valid and legally binding obligation of LACF2 and the applicable provisions hereof enforceable against LACF2 in accordance with their terms, subject only to applicable bankruptcy, insolvency, reorganization and moratorium laws or similar laws or equitable principles affecting or limiting the rights of contracting parties generally.

16.1.3 Compliance with Organizational Documents. There is no charter, bylaw, or capital stock provision of LACF2, and no provision of any indenture, instrument, or agreement, written or oral, to which LACF2 is a party or which governs the actions of LACF2 or which is otherwise binding upon LACF2, nor to LACF2's knowledge is there any judgment, decree or order of any governmental authority or court binding on LACF2 which would be contravened by the execution, delivery or performance by LACF2 of this Ground Lease.

16.1.4 Litigation Pending. To LACF2's knowledge, there is no action, suit, or proceeding at law or in equity or by or before any governmental authority now pending, or threatened against or affecting LACF2, which, if adversely determined, would materially impair LACF2's right or ability to execute or perform its obligations under this Ground Lease.

16.1.5 No Breach of Indebtedness Requirements. Neither the execution and delivery of this Ground Lease, nor the incurrence of the obligations set forth herein, nor the consummation of the transactions herein contemplated, nor compliance with the terms of this Ground Lease conflict with or result in a material breach of any terms, conditions or provisions of, or constitute a default under, any bond, note or other evidence of indebtedness or any contract, indenture, encumbrance, deed of trust, loan, lease or other instrument to which LACF2 is a party.

16.1.6 No Insolvency. To LACF2's knowledge, no attachments, execution proceedings, assignments for the benefit of creditors, insolvency, bankruptcy, reorganization or other proceedings are pending or threatened against LACF2, nor are any of such proceedings contemplated by LACF2.

16.1.7 Accuracy of Materials. To LACF2's knowledge, all written reports, documents, and instruments prepared by LACF2 or an affiliate thereof and delivered to County in connection with entering into this Ground Lease are accurate, correct and sufficiently complete to give County true and accurate knowledge of their subject matter, and do not contain any material misrepresentation or material omission.

16.1.8 No Gratuity. Neither LACF2, nor its directors, officers, employees or affiliates, nor any individual representing LACF2, nor anyone holding an interest in LACF2 has offered or given to any official or employee of County any gratuity (in any form) for the intent or purpose of securing favorable treatment under this Ground Lease or the approval or execution hereof.

16.1.9 No Solicitation. LACF2 has not employed or retained any person, other than a bona fide employee working solely for LACF2, to solicit or secure this Ground Lease and it has not paid or agreed to pay any person, other than a bona fide employee working solely for LACF2 or financing fees payable to third parties in connection with the issuance of the Bonds to finance the Project, any fee, commission, percentage, brokerage fee, gifts or any other consideration, contingent upon or resulting from the award or making of this Ground Lease.

16.1.10 Authority to Execute. The individual(s) signing this Ground Lease on behalf of LACF2 is or are authorized to execute this Ground Lease and bind LACF2 to its terms and conditions, and, upon such execution, this Ground Lease shall be legally binding on LACF2 and, if LACF2 is a corporation for which a single individual is signing, have provided County with a corporate resolution stating that such individual is duly empowered to by such corporation to enter into this Ground Lease.

16.2 Representations and Warranties of County. County hereby makes the following representations and warranties as of the Effective Date:

16.2.1 Legal Power. County has the legal power, right and authority to enter into this Ground Lease, and to consummate the transactions contemplated hereby herein.

16.2.2 Binding Obligations of County. This Ground Lease is the valid and legally binding obligation of County and the applicable provisions hereof are enforceable against County in accordance with their terms, subject only to applicable bankruptcy, insolvency, reorganization and moratorium laws or similar laws or equitable principles affecting or limiting the rights of contracting parties generally.

16.2.3 Compliance with Charter. There is no provision of any indenture, instrument, or agreement, written or oral, to which County is a party or which governs the actions of County or which is otherwise binding upon County, nor is there any judgment, decree or order of any governmental authority or court binding on County which would be contravened by the execution, delivery or performance of this Ground Lease by County.

16.2.4 Litigation Pending. To County's knowledge, there is no action, suit, or proceeding at law or in equity or by or before any governmental authority now pending, or

threatened against or affecting County, which, if adversely determined, would materially impair County's right or ability to execute or perform its obligations under this Ground Lease.

16.2.5 No Breach of Indebtedness Requirements. Neither the execution and delivery of this Ground Lease, nor the incurrence of the obligations set forth herein, nor the consummation of the transactions herein or therein contemplated, nor compliance with the terms of this Ground Lease conflict with or result in a material breach of any terms, conditions or provisions of, or constitute a default under, any bond, note or other evidence of indebtedness or any contract, indenture, encumbrance, deed of trust, loan, lease or other instrument to which County is a party.

16.2.6 No Insolvency. To County's knowledge, no attachments, execution proceedings, assignments for the benefit of creditors, insolvency, bankruptcy, reorganization or other proceedings are pending or are threatened against County, nor are any of such proceedings contemplated by County.

16.2.7 Authority to Execute. The individual(s) signing this Ground Lease on behalf of County are authorized to execute this Ground Lease and bind County to its terms and conditions, and, upon such execution, this Ground Lease shall be legally binding on County.

17. Damage and Destruction.

17.1 No Option to Terminate for Casualty. LACF2 shall have no option to terminate this Ground Lease because of damage or destruction to the Project.

17.2 No County Obligation to Make Repairs. County shall have no obligation whatsoever to make any repairs or perform any maintenance on the Ground Lease Premises except as may be set forth in the Facilities Lease.

17.3 Repairs Not Performed by LACF2. If LACF2 fails to make any repairs or replacements as required, County may notify LACF2 of said failure in writing, and should LACF2 fail to cure said failure and make repairs or replacements within a reasonable time as established by County, County may make such repairs or replacements and the cost thereof, including, but not limited to, the cost of labor, overhead, materials and equipment, shall be charged against LACF2.

17.4 Waiver of Civil Code Sections. The Parties' rights shall be governed by this Ground Lease in the event of damage or destruction. The Parties hereby waive the provisions of California Civil Code Sections 1932 and 1933, and any other provisions of law which provide for contrary or additional rights.

18. Miscellaneous

18.1 Time of Essence. Time is of the essence in regard to performance of the covenants and agreements stated herein.

18.2 Entire Agreement. This Ground Lease sets forth the entire agreement of the Parties as to the subject matter hereof and supersede all prior discussions and understandings between them.

18.3 No Joint Venture or Agency. Nothing contained in this Ground Lease nor any of the acts of the Parties hereto shall be construed nor is it the intent of the Parties, to create a joint venture or partnership between County and LACF2, nor is either Party the agent or representative of the other, and nothing in this Ground Lease shall be construed to create any such agency relationship or to hold either Party liable to anyone for goods delivered or services performed at the request of the other Party.

18.4 Amendments. No change in, or addition to, or waiver or termination of this Ground Lease, shall be valid unless made in writing and signed by both parties and in compliance with Section 6.2.6. County and LACF2 agree to negotiate in good faith any amendments to this Ground Lease that may be requested or required in connection with the issuance of the Bonds to finance the Project.

18.5 Governing Law. This Ground Lease shall be construed in accordance with and governed by the laws of the State of California.

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

18.7 Headings. The article, section and paragraph headings herein contained are for the purposes of identification and reference convenience only and shall not be considered in construing this Ground Lease.

18.8 No Merger. In no event shall the leasehold interest of LACF2 hereunder merge with any estate of County in or to the Ground Lease Premises or the leasehold interest of County under the Facilities Lease. In the event that County acquires the leasehold interest of LACF2, such leasehold interest shall not merge with County's fee interest in the Ground Lease Premises or the leasehold interest of County under the Facilities Lease, and this Ground Lease and the Facilities Lease shall remain in full force and effect.

18.9 Counterparts; Recording of Memorandum. This Ground Lease may be executed in several counterparts, each of which shall be deemed an original for all purposes. The parties shall record a memorandum of this Ground Lease in the form attached hereto as Exhibit E.

18.10 County Policy Requirements. LACF2 shall comply with the following County policy requirements and also endeavor to cause such policy requirements to be incorporated into all agreements to which it is a party for the development of the Project.

18.10.1 Employment. The Parties shall not, in the implementation of this Lease and in design, development, operation, and use of the project, discriminate against any employee or applicant for employment on the basis of race, religion, sex, sexual orientation, age,

physical handicap, or national origin and shall comply with all applicable provisions of federal, state and local law related to discrimination. LACF2 shall take affirmative action to ensure that applicants are employed and that employees are treated during their employment without regard to their race, religion, sex, sexual orientation, age, physical handicap, or national origin, including without limitation employment, promotion, demotion or transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship.

18.10.2 Rental or Sale. LACF2 shall refrain from restricting the rental, sale, or lease of the Premises, or any portion thereof, on the basis of sex, age, handicap, marital status, race, color, religion, creed, ancestry, or national origin of any person. LACF2 shall endeavor to cause all leases and contracts affecting the Premises or any portion thereof to contain clauses expressly giving effect to this Section 18.

18.10.3 Community Workforce Agreement. LACF2 shall comply with the Countywide Community Workforce Agreement approved and adopted by County's Board of Supervisors on February 17, 2023, a copy of which is attached as Exhibit F, including but not limited to the Local and Targeted Worker Hiring Policy that is attached as Attachment D thereto.

18.10.4 Civic Art. LACF2 shall comply with County's civic art policy attached hereto as Exhibit G, as may be amended from time to time.

18.11 Meanings of Words Not Specifically Defined/General Rules of Interpretation. Words and phrases contained herein shall be construed according to the context and the approved usage of the English language, but technical words and phrases, and such others as have acquired a peculiar and appropriate meaning by law, or are defined in this Ground Lease, are to be construed according to such technical, peculiar, and appropriate meaning or definition. Whenever the context requires, all words used in the singular will be construed to have been used in the plural, and vice versa, and each gender will include any other gender. As used in this Ground Lease, the word "includes or "including" means including without limitation, the word "or" is not exclusive and the words "herein," "hereof," "hereto" and hereunder refer to this Ground Lease as a whole unless the context otherwise requires, references herein: (a) to articles, paragraphs, sections and exhibits mean the articles, paragraphs, sections and exhibits which are part of this Ground Lease as amended, supplemented or modified from time to time to the extent permitted by the provisions thereof and by this Ground Lease, (b) to an agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented or modified from time to time to the extent permitted by the provisions thereof and by this Ground Lease, and (c) to a statute means such statute as amended, supplemented or replaced from time to time. The exhibits, schedules, addenda, and attachments which are attached to this Ground Lease are made a part of this Ground Lease.

18.12 Parties Represented by Counsel. Both County and LACF2 have entered this Ground Lease following advice from legal counsel of their own choosing. This document is the result of combined efforts of both Parties and their attorneys. Thus, any rule of law or construction which provides that ambiguity in a term or provision shall be construed against the draftsman shall not apply to this Ground Lease.

18.13 Conflict of Interest; No Personal Liability. No official or employee of County shall have any personal interest, direct or indirect, in this Ground Lease, nor shall any official or employee of County participate in any decision relating to this Ground Lease which affects such official's or employee's pecuniary interest in any corporation, partnership or association in which such official or employee is directly or indirectly interested. No official or employee of the County shall be personally liable in the event of a breach of this Ground Lease. LACF2 shall within not less than ten (10) days after learning of any such conflict of interest or facts which reasonably indicate that a conflict of interest may exist, notify County thereof; provided, however, the failure of LACF2 to make any such notification shall not be a breach or default of this Ground Lease.

18.14 Waivers and Relocation. To the fullest extent permitted by Applicable Laws, LACF2 waives any rights now or hereafter conferred upon it by statute or other law to surrender this Ground Lease or to quit or surrender the Ground Lease Premises or any part thereof, or to receive any suspension, diminution, abatement or reduction of the rent or other sums and charges payable by LACF2 hereunder on account of any damage to the Ground Lease Premises or the Project, other than as expressly provided in this Ground Lease or as otherwise agreed to in writing by the Parties. To the fullest extent permitted by Applicable Laws, LACF2 waives the provisions of Section 1932, Subdivision 2, and Section 1933, Subdivision 4, of the California Civil Code, and the provisions of any similar law hereinafter enacted, as each may be amended from time to time. LACF2 expressly acknowledges that LACF2 will be in possession of the Ground Lease Premises as a result of County's previously acquired property interest in recognition of such fact and to the fullest extent permitted by Applicable Law, LACF2 disclaims any status as a "displaced person" as such is defined in Governmental Code Section 7260, and hereby acknowledges its ineligibility for relocation assistance as provided in Government Code Sections 7260 through 7276, inclusive, as interpreted in Title 25, Chapter 6, Section 6034(b)(1) of the California Code of Regulations.

18.15 No Third-Party Beneficiaries. The Leasehold Mortgagee shall be a third-party beneficiary of the rights conferred to it under this Ground Lease. Except as expressly set forth in this Ground Lease, no parties other than County, the Leasehold Mortgagee and LACF2, and their respective successors and assigns, shall be a beneficiary of the rights conferred in this Ground Lease, and no other party shall be deemed a third-party beneficiary of such rights.

18.16 Exculpation of Certain Persons. No individual board member, trustee, officer, director, shareholder, member, constituent partner, employee, or agent of any party, in his or her individual capacity as such, shall have any personal liability for the performance of any obligation of such party under this Ground Lease solely by reason of such status.

18.17 Performance Postponed. Any performance required under this Ground Lease on a day that is not a Business Day (as defined below) shall be postponed until the next Business Day. The term "**Business Day**" means a day (i) other than a day on which banks located in the State of California, the City of New York, New York, or the city in which the Corporate Trust Office of the Trustee is located are required or authorized to close and (ii) on which the New York Stock Exchange is not closed.

18.18 Severability. If (a) any provision of this Ground Lease is held by a court of competent jurisdiction (or by an arbitrator in an arbitration) as to be invalid, void or unenforceable and (b) the invalidity or unenforceability of such a provision does not deny a party the material



benefit of this Ground Lease, then the remainder of this Ground Lease which can be given effect without the invalid provision shall continue in full force and effect and shall in no way be impaired or invalidated.

18.19 Interest. In any situation where County has advanced sums on behalf of LACF2 pursuant to this Ground Lease, such sums shall be due and payable within five (5) Business Days after LACF2's receipt of written demand, together with interest at the Applicable Rate (unless another rate is specifically provided herein) from the date such sums were first advanced, until the time payment is received. In the event that LACF2 repays sums advanced by County on LACF2's behalf with interest in excess of the maximum rate permitted by Applicable Laws, County shall refund such excess payment. "**Applicable Rate**" means an annually compounded rate of interest equal to the Prime Rate, plus three percent (3%) per annum; provided, however, that the Applicable Rate shall in no event exceed the maximum rate of interest which may be charged pursuant to Applicable Laws. "**Prime Rate**" means the prime or reference rate announced from time to time by Bank of America, N.A. or its successor, or if Bank of America, N.A. and its successor cease to exist then the prime or reference rate announced from time to time by the largest state chartered bank in California in term of deposits.

18.20 Recitals. All Recitals set forth herein are hereby incorporated into this Ground Lease. The Parties agree that the Recitals are true and correct and have the same force and effect as all other provisions contained Ground Lease.

18.21 Surrender. On the expiration or early termination of this Ground Lease, LACF2 shall surrender and deliver up the Ground Lease Premises, including all improvements then located thereon and the appurtenances thereto, into the possession of LACF2, in good order, condition and repair, free and clear of all lettings and occupancies, and, without any payment or allowance whatsoever by County, free and clear of all liens and encumbrances other than those existing on the Effective Date of this Ground Lease and those, if any, created by County. LACF2 shall execute, acknowledge and deliver to County such instruments of further assurance as in the opinion of County are necessary or desirable to confirm or perfect Landlord's right, title and interest in and to the Ground Lease Premises.

18.22 Schedule of Exhibits. THIS GROUND LEASE INCLUDES THE FOLLOWING EXHIBITS ATTACHED HERETO AND INCORPORATED HEREIN BY THIS REFERENCE.

Exhibit A	Ground Lease Premises Legal Description
Exhibit B	Facilities Lease
Exhibit C	Development Agreement
Exhibit D	Permitted Exceptions
Exhibit E	Form of Memorandum of Lease
Exhibit F	Community Workforce Agreement
Exhibit G	County Civic Art Policy

[Signatures on next page]

COUNTY:  
COUNTY OF LOS ANGELES  
a body corporate and politic

By: \_\_\_\_\_  
Name: FESIA A. DAVENPORT  
Chief Executive Officer

ATTEST:

DEAN C. LOGAN  
Registrar-Recorder/County Clerk

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

APPROVED AS TO FORM:  
DAWYN R. HARRISION  
County Counsel

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: Senior Deputy

LACF2:  
LOS ANGELES COUNTY FACILITIES 2 INC.  
a California nonprofit public benefit corporation

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



A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State \_\_\_\_\_ of \_\_\_\_\_ California  
County of Los Angeles

On \_\_\_\_\_, 2024, before me, \_\_\_\_\_,  
Notary Public, personally appeared \_\_\_\_\_, who proved to  
me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the  
within instrument and acknowledged to me that he/she/they executed the same in his/her/their  
authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or  
the entity upon behalf of which the person(s) acted, executed the instrument.

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 \_\_\_\_\_ (Seal)

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WITNESS my hand and official seal.

Signature \_\_\_\_\_ (Seal)

**EXHIBIT A**  
**GROUND LEASE PREMISES LEGAL DESCRIPTION**

All that certain real property situated in the County of Los Angeles, State of California, described as follows:

**EXHIBIT B  
FACILITIES LEASE**

[Attached]

**EXHIBIT C  
DEVELOPMENT AGREEMENT**

[Attached]

**EXHIBIT D**  
**PERMITTED EXCEPTIONS**



**EXHIBIT E**  
**FORM OF MEMORANDUM OF GROUND LEASE**

RECORDING REQUESTED BY:

WHEN RECORDED MAIL TO:

Hillis Clark Martin & Peterson P.S.  
Attention: Matthew W. Markovich  
999 Third Avenue, Suite 4600  
Seattle, WA 98104

---

**SPACE ABOVE THIS LINE RESERVED FOR RECORDER'S USE ONLY.**

Assessor's Parcel Nos. \_\_\_\_\_

This instrument is exempt from recording fees (California Government Code Section 27383) and from Documentary Transfer Tax (California Revenue and Tax Code Section 11929).

**MEMORANDUM OF GROUND LEASE**

THIS MEMORANDUM OF GROUND LEASE (“**Memorandum**”) is dated for reference purposes as of \_\_\_\_\_, 2024 and is made by and between **COUNTY OF LOS ANGELES**, a body corporate and politic (“**County**”), and **LOS ANGELES COUNTY FACILITIES 2 INC.**, a California nonprofit public benefit corporation (“**LACF2**”).

1. Ground Lease. County leased to LACF2 under that certain Ground Lease Agreement dated for reference purposes as of [\_\_\_\_\_, 2024] (the “Ground Lease”) that certain real property located in the City of Los Angeles, County of Los Angeles, California (“Ground Lease Premises”), legally described in the attached Exhibit A. The Ground Lease is made a part of this Memorandum as though fully set forth herein. All capitalized terms used but not defined in this Memorandum shall have the meaning given to them in the Ground Lease.

2. Term. The term of the Ground Lease shall commence on [\_\_\_\_\_, 2024], and, unless such term is extended, shall terminate on the earlier of (a) [\_\_\_\_\_] [FINAL MATURITY DATE OF BONDS] and (b) the date that the Bonds are no longer Outstanding (as defined in the Indenture of Trust, dated as of [\_\_\_\_\_, 2024], by and between LACF2 and U.S. Bank Trust Company, National Association, as Trustee) and the Project has been conveyed by LACF2 to County as set forth in the applicable provisions of the Facilities Lease Agreement dated for reference purposes as of [\_\_\_\_\_, 2024] (the “Facilities Lease”) (either, as applicable, the “Expiration Date”).

Notwithstanding the foregoing, if on the Expiration Date of the Facilities Lease, the total Base Rent (as defined in the Facilities Lease) otherwise payable under the Facilities Lease has not been fully paid as a result of an Abatement of Rent (as defined in the Facilities Lease) and the Bonds remain Outstanding, then, as provided in the Facilities Lease, the term of the Facilities Lease shall be extended until the total Base Rent otherwise payable thereunder shall be fully paid or such earlier time as the Bonds are no longer Outstanding; provided, however, that such extension shall not exceed ten (10) years. In the event of such an extension, the Term of the Ground Lease shall be deemed extended for the same period of time that the term of the Facilities Lease is extended.

3. Purpose of Memorandum. This Memorandum is prepared for purposes of recordation only and to provide constructive notice of the rights of County and LACF2 under the Ground Lease to all third parties, and does not set forth all of the terms and conditions set forth in the Ground Lease. In the event there is any conflict between the terms and conditions of the Ground Lease and this Memorandum, the Ground Lease shall control.

*[Signatures on next page]*

This Memorandum of Ground Lease is dated as of the date first above written.

**LOS ANGELES COUNTY FACILITIES 2 INC.,**  
a California nonprofit public benefit corporation

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

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

**COUNTY OF LOS ANGELES,**  
a body corporate and politic

By: \_\_\_\_\_  
Name: FESIA A. DAVENPORT  
Title: Chief Executive Officer

ATTEST:  
DEAN C. LOGAN  
Registrar-Recorder/County Clerk

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

APPROVED AS TO FORM:  
DAWYN R. HARRISON County

County Counsel

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: Senior Deputy

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State \_\_\_\_\_ of \_\_\_\_\_ California  
County of Los Angeles

On \_\_\_\_\_, 2024, before me, \_\_\_\_\_,  
Notary Public, personally appeared \_\_\_\_\_, who proved to  
me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the  
within instrument and acknowledged to me that he/she/they executed the same in his/her/their  
authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or  
the entity upon behalf of which the person(s) acted, executed the instrument.

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 \_\_\_\_\_ (Seal)

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WITNESS my hand and official seal.

Signature \_\_\_\_\_ (Seal)

**EXHIBIT A**

**LEGAL DESCRIPTION**

All that certain real property situated in the County of Los Angeles, State of California, described as follows:



**EXHIBIT F**  
**COMMUNITY WORKFORCE AGREEMENT**

**EXHIBIT G**  
**COUNTY CIVIC ART POLICY**

# ENCLOSURE D

**FACILITIES  
LEASE AGREEMENT**

**between**

**LOS ANGELES COUNTY FACILITIES 2 INC.,  
a California nonprofit public benefit corporation**

**and**

**COUNTY OF LOS ANGELES,  
a body corporate and politic**

**Dated as of \_\_\_\_\_, 2024**

**Vermont Corridor Site 2  
Los Angeles, California**

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## FACILITIES LEASE AGREEMENT

THIS FACILITIES LEASE AGREEMENT (this “**Lease**”) dated as of \_\_\_\_\_, 2024 and is made by and between **LOS ANGELES COUNTY FACILITIES 2 INC.**, a California nonprofit public benefit corporation, as sublandlord (“**Landlord**”), and the **COUNTY OF LOS ANGELES**, a body corporate and politic, as subtenant (“**Tenant**”). Landlord and Tenant are each occasionally referred to herein as a “**Party**” or collectively as the “**Parties.**”

### RECITALS

**A.** Landlord is the lessee under that certain Ground Lease of even date herewith (the “**Ground Lease**”), with Tenant as lessor, pursuant to which Landlord leases that certain real property in the City of Los Angeles (the “**City**”), County of Los Angeles, California (the “**County**”), the address of which is 550 South Vermont Avenue and 3175 West 6<sup>th</sup> Street and which is legally described on the attached Exhibit A (collectively, the “**Land**”).

**B.** Pursuant to California Government Code Sections 25351 and 25536(c), Tenant desires to have Landlord design, develop, permit, and construct improvements and install furniture, fixtures and equipment on the Land consisting of (i) renovation and expansion of the existing office building comprised of (a) approximately 154,793 gross square feet of existing space renovated to Class A office space, including two ground floor retail spaces of approximately 1,000 square feet each, (b) an extension of the existing building floorplates to include an additional approximately 88,340 gross square feet of new Class A office space, for a total of approximately 243,133 gross square feet of Class A office space, (c) approximately 12,050 gross square feet of renovated subterranean back-of-house support space, and (d) an elevated pedestrian walkway connecting the existing office building to the terrace level of the neighboring office building commonly known as 510 South Vermont Avenue ((a), (b), (c), and (d) collectively, the “**Office Building**”), (ii) installation of approximately 10 surface parking spots (“**Surface Parking Spaces**”) and landscaping located on the Land, and (iii) demolition of the existing 52,000 square foot former Department of Workforce Development, Aging and Community Services headquarters and adjacent two-story parking structure located on the Land, all to serve as office space and related ancillary facilities for various County departments, commissions and staff (collectively, the “**Project**”). The Project shall be delivered to Tenant in Turnkey Condition as defined in Section 1.

**C.** Landlord will engage TC LA Development, Inc., a Delaware corporation, as developer (“**TCLA**”) to develop, oversee and manage the design, permitting and construction phases of the Project in accordance with the terms and conditions of the Development Agreement in the form attached as Exhibit O, for a Fixed Price as provided herein, all of which shall be subject to Tenant’s Concurrence as provided herein.

**D.** The financing for the Project will be pursuant to Landlord’s issuance of Bonds (defined in Section 1). The Bonds are issued by a nonprofit organization on behalf of a government entity to finance a public facility. Upon the date the Bonds are no longer

Outstanding (as defined in the Indenture), Landlord will convey the Premises to Tenant for no additional consideration and this Lease shall terminate and the Ground Lease shall terminate.

**E.** Landlord and Tenant desire to enter into this Lease whereby, following the completion of the Project, Landlord shall operate, maintain and repair the Premises, and Tenant shall lease and occupy the Premises at the rent and subject to all of the terms, covenants and conditions set forth herein.

## **AGREEMENT**

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

**“Abatement”** means a reduction in the Rent payable by Tenant hereunder (other than Additional Rent for current Operating Costs) as a result of damage, destruction or partial condemnation of the Premises or a defect in Landlord’s title to the Premises, any of which results in substantial interference with Tenant’s right to use and occupancy of the Premises. The amount by which Rent is abated during any period shall be the amount necessary to cause the resulting Rent payable by Tenant (other than Additional Rent for current Operating Costs) not to exceed the Fair Market Rent for the portions of the Premises with respect to which there is no substantial interference.

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

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

**“Administrative Fees and Expenses”** has the meaning given such term in the Indenture.

**“Alterations by Landlord”** means amounts payable by Tenant to Landlord pursuant to Section 10.4.

**“Annual Capital Repair Reserve Payment”** means the annual payment to the Capital Repairs Fund described in Section 5.11.

**“Annual Operating Budget”** shall have the meaning set forth in Section 5.7.

**“Applicable Laws”** means all of the following, even if unforeseen or extraordinary, to the extent affecting any of, (a) Landlord, its members, owners, shareholders, officers, employees, contractors, consultants, agents, customers, guests, or invitees, (b) Tenant, its board members, officers, employees, contractors, consultants, agents, customers, guests, or invitees, (c) Trustee, its members, owners, shareholders, officers, employees, contractors, consultants, agents, customers, guests, or invitees, (d) all or any portion of the Premises, or (e) the use, occupancy, possession, construction, operation, maintenance, improvement, alteration, repair, or restoration of any portion of the Project: (x) all present and future laws, statutes,

requirements, ordinances, orders, judgments, regulations, resolutions, covenants, restrictions, or administrative or judicial determinations of every governmental authority and of every court or agency claiming jurisdiction over Landlord, Tenant, Developer, Trustee, the Project, or the Premises or matters set forth in Clauses (a) through (e), above, whether enacted or in effect as of the Effective Date or thereafter, including, but not limited to, California Labor Code §§ 1720 *et seq.*, environmental laws, zoning laws, building codes and regulations and those laws relating to accessibility to, usability by, and discrimination against, disabled individuals; and (y) all covenants, restrictions, and conditions of record affecting the Premises from time to time.

**“Applicable Rate”** means an annually compounded rate of interest equal to the Prime Rate, plus two percent (2%) per annum; provided, however, that the Applicable Rate shall in no event exceed the maximum rate of interest which may be charged pursuant to Applicable Laws.

**“Approved Work Plan”** has the meaning set forth in Section 5.11(a).

**“Architect”** means M. Arthur Gensler Jr. & Associates, Inc., a California corporation, the architect for the Project, or another qualified architect selected by Landlord, with the Tenant’s Concurrence.

**“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 Base Rent payable hereunder as of the Rent Commencement Date.

**“Base Rent”** means the rent payable by Tenant under this Lease from the Rent Commencement Date to and including the Expiration Date in the amounts set forth on the Schedule of Base Rent, attached hereto as Exhibit B.

**“Bonds”** means bonds that are tax-exempt obligations and that satisfy the requirements of Internal Revenue Service Revenue Ruling 63-20, as amended and updated by Internal Revenue Service Revenue Procedure 82-26, and other regulations, interpretations and letter rulings issued by the Internal Revenue Service with respect to such financings to be issued by Landlord for design, permitting, construction, and equipping of the Project pursuant to the Indenture. From the proceeds of such Bonds, Landlord intends to pay all costs associated with the development of the Project for the Fixed Price, all costs of issuing the Bonds, and capitalized interest during the construction period.

**“Business Day”** means a day (i) other than a day on which banks located in the State of California, the City of New York, New York, or the city in which the Corporate Trust Office of the Trustee is located are required or authorized to close and (ii) on which the New York Stock Exchange is not closed.

**“Capital Expenditures”** means the acquisition of a prior non-existing asset (including Financed FF&E) or the repair or replacement of a pre-existing asset (other than personal property, or removable trade fixtures) which (i) are not characterized as an operating cost or expense under generally accepted accounting principles, (ii) maintains the value of the Project over its usual life and (iii) is permanently affixed to, or otherwise used in conjunction with the real estate.

**“Capital Repairs Fund”** means the fund of that name established under the Indenture and referenced in Section 5.11.

**“City”** has the meaning set forth in Recital A.

**“Civic Art”** means art to be installed in accordance with the County Art Policy and the Construction Documents.

**“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.

**“Condemnation”** has the meaning set forth in Section 20.1.

**“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 authorized representative for Landlord, and any Contractor, for construction of any portion of the Project not covered by the General Construction Contract.

**“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.

**“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, all of which shall be consistent with the Project Requirements.

**“Contract Documents”** means the 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.

**“Contractors”** means the General Contractor and any other construction contractors and design-builders 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 authorized representative, enters into contracts, all such contracts shall be subject to Tenant’s Concurrence.

**“County”** has the meaning set forth in Recital A, acting in a capacity other than as Tenant.

**“County Art Policy”** means County’s civic art policy attached hereto as Exhibit U, as may be amended from time to time.

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

**“Developer”** means TC LA Development, Inc., a Delaware corporation, and its successors and permitted assigns under the Development Agreement.

**“Developer Obligation Date”** means [\_\_\_\_\_].

**“Developer Start Date”** means that date that is thirty (30) days after the Effective Date.

**“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 (the form of which is attached hereto as Exhibit O).

**“Disallowed Amendment”** has the meaning set forth in Section 9.17.

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

**“Emergency Repair Commencement Deadline”** has the meaning set forth in Section 10.1(a).

**“Emergency Repair Situation”** has the meaning set forth in Section 10.1(d).

**“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.

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

**“Expiration Date”** has the meaning set forth in Section 3.

**“Fair Market Rent”** means the fair market rent (other than rent to cover current Operating Costs but including a commercially reasonable amount to cover capital repairs) payable for office premises in Los Angeles County, California comparable to the Premises hereunder. As of the Effective Date, the parties hereto have agreed and determined that Fair

Market Rent for the Premises is not less than \$[\_\_\_\_\_]. In making such determination, consideration has been given to the uses and purposes that may be served by the Premises and the benefits therefrom that will accrue to the County and the general public. The Fair Market Rent shall be re-calculated in the event of damage, destruction or partial condemnation of the Premises as contemplated in Sections 19 and 20 and to the extent necessary in connection with the calculations under Section 5.11. In the event the Fair Market Rent is re-calculated, the Fair Market Rent shall be determined by a qualified MAI appraiser selected by Tenant and reasonably acceptable to Landlord.

**“Final Acceptance”** has the meaning set forth in Section 9.14.

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

**“Financed FF&E”** means furniture, fixtures, equipment and movable property as set forth on Exhibit N attached hereto, the costs of which will (i) be included in Project Costs, but only to the extent of the Financed FF&E Allowance set forth in the approved Project Budget, and (ii) be financed through the Bonds. Any cost of furniture, fixtures, equipment and movable property that is in excess of the Financed FF&E Allowance set forth in the approved Project Budget shall not be part of the Fixed Price. The Financed FF&E will be designed, provided and installed as set forth on Exhibit N.

**“Financial Statements”** has the meaning set forth in Section 10.2.

**“Fiscal Year”** means the fiscal year under which the County and the Landlord operate, commencing with July 1 and ending with June 30.

**“Fixed Price”** means an amount not to exceed \_\_\_\_\_ dollars [\$\_\_\_\_\_], 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.

**“Force Majeure”** means any inability of a Party to perform any non-monetary obligation under this Lease due to fire or other casualty, earthquake, flood, tornado or natural disaster, civil disturbance, war, organized labor dispute, freight embargo, governmental order, or other unforeseeable event beyond the reasonable control of the Party required to perform the subject obligation, including, in the case of a delay in the commencement or completion by Landlord of the Project, a delay in such construction caused by a hidden condition, including without limitation environmental contamination, relating to the foundation, substructure or subsurface of the Premises, which was not known to, Landlord as of the commencement of such work, although Landlord shall, to the extent possible, commence and complete the portions, if any, of the work, not impacted by such delay within the timeframes set forth in this Lease. Notwithstanding the foregoing, in order for either Party to claim a delay has been caused by a Force Majeure event, the Force Majeure must be detailed in a written notice given by the Party claiming such delay to the other Party within thirty (30) days after the Party claiming such delay obtained actual knowledge of the Force Majeure event giving rise to the claim of delay, which notice shall, at a minimum, reasonably specify the (a) nature of the Force Majeure event and of



the delay it has caused and (b) the date of commencement of the Force Majeure event and the delay it caused and (if not ongoing) the date the Force Majeure event ended.

**“Garage”** means that certain parking garage located at 523 Shatto Place in Los Angeles, California that is part of the Site 1 Project.

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

**“General Contractor”** means [SNYDER LANGSTON, a \_\_\_\_\_] the anticipated general contractor for the Project, or another qualified general contractor proposed by Developer and approved by Landlord.

**“Ground Lease”** has the meaning set forth in Recital A.

**“Hazardous Substance”** means the following:

- (a) petroleum, any petroleum by-products, waste oil, crude oil or natural gas;
- (b) any material, waste or substance that is or contains asbestos or polychlorinated biphenyls, or is radioactive;
- (c) any medical waste; and
- (d) any substance, product, waste or other material of any nature whatsoever which is or becomes defined, listed or regulated as a “hazardous substance,” “hazardous material,” “hazardous waste,” “toxic substance,” “solid waste,” “radioactive material,” or similarly defined substance pursuant to any Applicable Laws, including the Comprehensive Environmental Response Compensation and Liability Act of 1980, as amended, 42 U.S.C. §§ 9601 *et seq.*; the Hazardous Materials Transportation Act, 49 U.S.C. §§ 1801 *et seq.*; the Resource Conservation and Recovery Act, 42 U.S.C. §§ 6901 *et seq.*; the California Health & Safety Code and all other analogous State of California and local statutes, ordinances and regulations, including, without limitation, any dealing with underground storage tanks; provided, however, “Hazardous Substances” shall not include any of the foregoing materials or substances described above that are of the types and in quantities customarily used in the ordinary course of construction, occupancy or operation of office buildings and related parking structures similar to the Project, including, without limitation, in the ordinary course of delivering medical care in accordance with generally accepted standard practices, consisting of (a) office, cleaning, building maintenance, and construction materials and supplies used in reasonable quantities and in the ordinary course of the construction, occupancy or operation of the Project, and (b) gasoline or diesel fuel in the tanks of automobiles and other machines located on the Premises (whether during construction or otherwise); but only so long as, in the case of (a) and (b), they are always stored, maintained, used and disposed of in compliance with all Applicable Laws.

**“Indemnified Landlord Parties”** has the meaning set forth in Section 18.2.

**“Indemnified Tenant Parties”** has the meaning set forth in Section 18.1.

**“Indenture”** means the trust indenture dated of even date herewith by and between the Trustee and the Landlord, (the form of which is attached hereto as Exhibit Q), as originally executed.

**“Inspecting Engineer”** has the meaning set forth in Section 5.11(a).

**“Inspection Report”** has the meaning set forth in Section 5.11(a).

**“LACF”** means Los Angeles County Facilities Inc., a California nonprofit public benefit corporation, and its successors and permitted assigns.

**“Land”** has the meaning set forth in Recital A.

**“Landlord”** means Los Angeles County Facilities 2 Inc., a California nonprofit public benefit corporation, and its successors and permitted assigns.

**“Lease”** means this Facilities Lease Agreement.

**“Leasehold Mortgage”** means the (a) Construction Leasehold 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.

**“Liabilities”** has the meaning set forth in Section 18.1.

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

**“Notice Address”** means, as to each of the Notice Parties, its respective address as specified in or pursuant to Section 34.15.

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

**“Office Building”** has the meaning set forth in Recital B.

**“Operating Costs”** means any and all costs and expenses directly related to ownership, operation and maintenance of the Premises, as more particularly set forth in Section 5.2, but excluding Project Costs, Capital Expenditures and the other items expressly excluded under Section 5.3.

**“Permitted Use”** means use of the Premises by Tenant for office, retail, parking and/or any other lawful use consistent with the provisions of Section 7 and the Ground Lease.

**“Preliminary Plans”** means the initial renditions for the Project pursuant to site plan approvals issued with respect to the Project by the County, a schedule of which Preliminary

Plans is attached hereto as Exhibit C. The Preliminary Plans include a design intent summary regarding the quality of construction, and general intent of design.

**“Premises”** means the Land, the Office Building, the Surface Parking Spaces, landscaping and such other improvements as may be located on the Land from time to time.

**“Prime Rate”** means the prime or reference rate announced from time to time by Bank of America, N.A. or its successor, or if Bank of America, N.A. and its successor cease to exist then the prime or reference rate announced from time to time by the largest state chartered bank in California in term of deposits.

**“Procured FF&E”** means furniture, fixtures, equipment, and movable property installed in the Project by Developer at Landlord’s direction through a Landlord initiated change order, the costs of which are not a Project Cost, but defined as an Other Owner Cost in the Development Agreement.

**“Project”** has the meaning set forth in Recital B, inclusive of all design, permitting and construction, all design and other professional services, and all labor, materials and equipment used or incorporated in such design and construction of the (a) Project, (b) Tenant Improvements to be constructed within the Project, and (c) the Financed FF&E and the Procured FF&E. The Project shall be consistent with and reasonably inferable from the approved Project Requirements as being necessary to produce the intended results. The Project design shall be structured around a solid core and shell to ensure a functional and easily maintainable building foundation. The Project shall be designed to meet LEED Gold certification standards

**“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.

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

**“Project Costs”** means all costs for the completion of the development, design, permitting, and construction and equipping of the Project, including, without limitation, all site work, including utility relocation and installation of utilities as required to serve the Project and obtaining all appurtenant easements required for such utility relocation and installation, all roadway improvements (if any), sidewalks and landscaping, all permit fees, all costs of the Project, HVAC, electrical and other building systems, including but not limited to conduit rough-in for data, telephone, and security, all costs of Tenant Improvements including HVAC thermostats and operating controls, all costs of Financed FF&E (but only to the extent of the Financed FF&E Allowance set forth in the approved Project Budget), all costs of architectural services provided by the Architect under the Architect’s agreement, all other professional design services and other services provided by Contractors or other professionals engaged by Developer, the General Contractor, all amounts paid to the 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 Overhead Allowance, Developer's Fee (each as defined in the Development Agreement), insurance (other than Bond insurance and other than builders risk insurance which shall be purchased by Landlord and not by Developer or the General Contractor), payment and performance bonds, applicable state and local retail sales taxes, the Project Contingency, [all costs of the Civic Art, and all costs of the Relocation Services].

Notwithstanding anything to the contrary herein, 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) Owner Discretionary Costs; (c) Costs Resulting from Owner-Caused Delay; (d) any increase in the cost of the Project resulting from Owner-initiated change orders in accordance with Section 8.3 of the Development Agreement; (e) real property taxes and assessments with respect to the Premises; (f) any costs of obtaining the nonexclusive right to use a minimum of six hundred (600) parking spaces in the Garage; and (g) Other Owner Costs. Owner Discretionary Costs, Costs Resulting from Owner-Caused Delay, and Other Owner Costs each shall have the meaning assigned to them in the Development Agreement.

**"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.

**"Project Schedule"** means the schedule for development and construction of the Project as revised from time to time by Developer and Landlord, with Tenant's Concurrence, in accordance with the Development Agreement. The initial Project Schedule is set forth in Exhibit D-1.

**"Proposed Capital Expenditure Work Plan"** has the meaning set forth in Section 5.11(a).

**"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.

**"Relocation Services"** means the relocation and installation of Tenant's furniture, fixtures, equipment and movable property from Tenant's current buildings at 600 Commonwealth Ave., 5601 E. Slauson Ave., 350 S. Figueroa, 3530 Wilshire Blvd., 2601 Wilshire Blvd., and 501 Shatto Place to the Project, the costs of which shall be part of the Bonds.

**"Rent"** means the sum of Base Rent and Additional Rent.

**"Rent Commencement Date"** means the date of Substantial Completion of the Project.

**"Rent Payment Date"** means each June 1 and December 1 throughout the Term.

**“Retail Space Lease”** has the meaning set forth in Section 21.

**“Retail Spaces”** has the meaning set forth in Section 21.

**“Requirements of Law”** means all requirements relating to land and building construction (including those specifically applicable to Tenant’s contemplated use of the Premises and Project for the Permitted Use), 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, Applicable 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 Premises, the Project or any part thereof.

**“Site 1 Project”** means the office building located at 510 South Vermont Avenue with approximately 468,000 gross square feet of Class A office space with ground floor retail space and public serving uses, and approximately 965 structured parking spaces, and including the Garage.

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

**“Substantial Completion of the Project”** has the meaning set forth in Section 9.13.

**“Substantially Complete”** means that the Project has been constructed in substantial accordance with the Contract Documents and: (i) 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; (ii) the Project, is weather tight and waterproof; (iii) the fire and life safety systems within the Project are operational and in good working order and condition; (iv) the elevators within the Project operate and function in good working order and condition, but may still require minor touch up installation and cleaning; (v) 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; (vi) 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; and (vii) all roadway improvements, site utilities, sidewalks and landscaping have been substantially completed and construction barricades and equipment have been removed; except, in each case, minor Punch List items which do not materially affect use and occupancy of the Project for its Permitted Use.

**“Surface Parking”** has the meaning set forth in Recital B.

**“Tax Agreement”** has the meaning set forth in Section 7.4(a).

**“Taxes”** means all real and personal 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 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 which at any time from and after the Substantial Completion Date may be imposed, levied upon or assessed against or which arise with respect to or constitute a lien upon the Premises, the Project (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 or any other form of income tax by any governmental entity.

**“TCLA”** means TC LA Development, Inc., a Delaware corporation.

**“Tenant”** means the County of Los Angeles, and its successors and permitted assigns.

**“Tenant Improvements”** means any improvements to the interior of the Project, including but not limited to HVAC thermostats, operating controls and conduit rough-in for data, telephone, and security wiring, all of which are more specifically described in the Construction Documents and subject to Tenant’s Concurrence.

**“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, (a) the written approval of Tenant to such Contract Document or action following written notice to Tenant from Landlord or Developer requesting such concurrence or (b) any deemed concurrence pursuant to this Lease. Tenant’s Concurrence (whether written or deemed) is given solely as an expression of Tenant’s lack of objection to any Contract Documents or any action for which Tenant’s Concurrence is sought and shall under no circumstance be deemed or construed to constitute (x) Tenant’s endorsement of such Contract Document or action, (y) a professional opinion by Tenant regarding the effect, safety, legality, or construction worthiness of any improvement or work conducted in accordance with such Contract Document or action, or (z) Tenant’s acceptance or assumption of any liability arising from such Contract Document or action. Tenant’s written approval of such Contract Document or action shall be made within ten (10) Business Days following written notice to Tenant from Landlord requesting such concurrence. Landlord shall include in any such notice, printed in capital letters and boldface type, a legend to the following effect:

**“THIS COMMUNICATION REQUIRES IMMEDIATE RESPONSE. FAILURE TO RESPOND WITHIN TEN (10) BUSINESS DAYS FROM THE RECEIPT OF THIS COMMUNICATION SHALL CONSTITUTE A DEEMED APPROVAL OF THE CONTRACT DOCUMENTS DESCRIBED HEREIN.”**

If the foregoing legend is included by the Landlord in its communication, then the submitted Contract Documents shall be deemed to have been approved if the Tenant fails to

object with respect thereto within ten (10) Business Days of receipt of such notice. Tenant's Concurrence shall not be unreasonably withheld, conditioned or delayed.

**"Tenant's Construction Representative"** means Matthew J. Diaz, or such other individual named in a notice from Tenant to Landlord given from time to time.

**"Tenant's Personal Property"** means Tenant's furniture, equipment and movable property placed in the Premises. Tenant shall provide and install Tenant's Personal Property at Tenant's sole cost and expense. Tenant's Personal Property does not include Financed FF&E.

**"Term"** has the meaning set forth in Section 3.

**"Trustee"** has the meaning given such term under the Indenture.

**"Turnkey Condition"** means that Substantial Completion of the Project has been achieved and all Financed FF&E and Procured FF&E has been installed in accordance with the Construction Documents, and the Project is fully occupiable and usable for its intended purposes by Tenant and any agreed Relocation Services have been completed.

**"Utilities"** means all utilities and services furnished to the Premises, after the Substantial Completion Date including without limitation, gas, electricity, water and sewer.

Any capitalized term used but not defined shall have the meaning given to it in the Development Agreement or Indenture, as applicable.

**2. Demise of Premises.** In consideration of the rents, covenants and agreements contained in this Lease, Landlord hereby leases the Premises to Tenant, and Tenant hereby leases the Premises from Landlord upon and subject to the conditions set forth in this Lease; provided that Tenant shall not be able to occupy the Premises prior to the Substantial Completion Date.

**2.1 Subleasehold Title Insurance.** The subleasehold interest in the Premises granted to Tenant by Landlord shall be subject only to those permitted exceptions set forth in the attached Exhibit J. The subleasehold interest shall be insured by a CLTA title policy issued by Commonwealth Title Company (Eric Gile, title officer), and the cost of the policy of the title insurance policy shall be a cost of the Project.

**3. Term.** The term (the **"Term"**) of this Lease shall commence on the Effective Date and shall expire on the earlier of (a) [\_\_\_\_\_, 20\_\_] [**Final maturity date of the Bonds**], (b) the date that the Bonds are no longer Outstanding (as defined in the Indenture) and the Premises have been conveyed by Landlord to Tenant as set forth in the applicable provisions of this Lease, or (c) the date on which this Lease terminates in accordance with its terms (any, as applicable, the **"Expiration Date"**). Notwithstanding the foregoing, if on the Expiration Date of this Lease, the total Base Rent otherwise payable hereunder has not been fully paid as a result of an Abatement of Rent and the Bonds remain Outstanding, then, the Term of this Lease shall be extended until the total Base Rent otherwise payable hereunder shall be fully paid or such earlier time as the Bonds are no longer Outstanding; provided, however, that such extension shall not

exceed ten (10) years. In the event of such an extension, the Term of this Lease shall be deemed extended for the same period of time that the term of the Ground Lease is extended.

#### **4. Base Rent; Conveyance of Premises.**

**4.1 Obligation to Pay Base Rent.** Tenant shall pay Base Rent to the Trustee at the Trustee's address set forth in Section 34.15 without deduction, offset, prior notice or demand, in advance on the Rent Commencement Date and thereafter in advance on each Rent Payment Date throughout the Term. Tenant shall deposit with the Trustee each payment of Base Rent at least one (1) Business Day prior to the Rent Payment Date. The first Base Rent payment that occurs on the Rent Commencement Date shall equal the prorated amount attributable to the period occurring between the Rent Commencement Date and the next following Rent Payment Date, and the last Base Rent payment shall equal the prorated amount attributable to the period occurring between the last Rent Payment Date and the Expiration Date. In any Fiscal Year, the aggregate amount of Base Rent plus the Annual Capital Repair Reserve Payment shall not exceed the Fair Market Rent for the Premises and in any partial Fiscal Year (falling in the Fiscal Year in which Rent Commencement Date or the termination of this Lease occurs), the aggregate amount of Base Rent plus the Annual Capital Repair Reserve Payment shall not exceed the Fair Market Rent for the Premises for such partial Fiscal Year.

**4.2 Defeasance.** In the event that, pursuant to Section 4.3, Tenant deposits with the Trustee money and/or Government Obligations (as 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 Base Rent then due under this Lease in accordance with the terms of this Lease and sufficient to redeem or defease all of the Outstanding Bonds pursuant to the terms of the Indenture, plus all costs associated with such redemption or defeasance, Landlord shall convey unencumbered title to the Premises to Tenant (subject to Section 4.4), this Lease shall automatically terminate, no further payments need be made of any Base 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 Base Rent to the defeasance or redemption of Bonds in accordance with the Indenture. In the event the Premises are conveyed to Tenant pursuant to this Section 4.2, the Ground Lease shall automatically terminate.

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

(a) **Option to Purchase.** Tenant shall have the option to purchase the Premises and thereby terminate this Lease and the Ground Lease by depositing with the Trustee amounts sufficient to redeem or defease all of the Outstanding Bonds pursuant to the terms of the Indenture, plus all costs associated with such redemption or defeasance.

(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(e), 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. Notwithstanding the foregoing, Tenant's election hereunder may be conditioned on the availability of sufficient funds on the purchase date, so long as any required notices of termination of management contracts that must be given by Landlord in anticipation of the purchase are also so conditioned.

(c) **Option to Partially Prepay Lease and Cause Bonds to be Redeemed or Defeased.** Tenant shall have the option to partially prepay the principal component of Base Rent, in increments of five thousand dollars (\$5,000), for periods to be determined by Tenant (as represented by the principal components of Base Rent due each year as set forth on Exhibit B) by causing Bonds to be redeemed in accordance with Section 3.01 of the Indenture or by causing Bonds to be defeased in accordance with Article X of the Indenture. Notice of Tenant's intent to prepay by causing Bonds to be redeemed or defeased, as applicable, shall be given to Landlord in writing not less than forty-five (45) days in advance of the intended prepayment date. The notice of partial prepayment shall be substantially in the form set forth on 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 Base Rent to be prepaid, together with interest thereon sufficient to optionally redeem or defease such Bonds in accordance with the Indenture. Upon such prepayment, Exhibit B shall be amended to reflect the reduction in Base Rent resulting from such prepayment; provided, however that in all cases Exhibit B shall result in Base Rent being due and payable in the amounts and at the times sufficient to pay the principal of and interest on all Bonds Outstanding after giving effect to the redemption or defeasance. Tenant shall be responsible for paying all costs associated with partial payment.

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

(e) **Accounting; Disputed Amounts.** Within fifteen (15) days of its receipt of the notice under Section 4.3(b), in addition to providing Tenant with information regarding the amounts required to redeem or defease all of the Outstanding Bonds pursuant to the terms of the Indenture, plus all costs associated with such redemption or defeasance, 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, and if Tenant does not pay such amounts, Landlord may use funds remaining in any operating account (including the reserve fund established pursuant to Section 5.2(t)) to pay such amounts. 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. Tenant's obligation to pay Additional Rent hereunder shall survive the payment in full or defeasance of the Bonds and the termination of this Lease. 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 redeem or defease the Bonds pursuant to the terms of the Indenture 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 and upon conveyance of the Premises to Tenant any amounts remaining in such operating capital, or replacement reserve accounts shall be paid to Tenant within ten (10) Business Days.

(f) **Limitation.** Notwithstanding any other provision hereof, no prepayment shall be permitted that would result in any Bonds (and the Base Rent payments allocable thereto) remaining Outstanding beyond the last remaining Base Rent payment applicable to the Bonds.

**4.4 Conveyance of Premises.** Landlord shall convey to Tenant unencumbered title to the Premises without recourse or warranty (except by assignment of all warranties provided by Contractors and their equipment suppliers) and in its then-current condition together with any reserve funds or accounts held by Landlord (subject to offset as described in Section 4.3(e)), upon the termination of this Lease, as a result of the full payment, redemption or defeasance of all outstanding Bonds pursuant to the terms of the Indenture, plus all costs associated with such redemption or defeasance. The deed by which Landlord conveys the Premises to Tenant may list as exceptions all covenants, conditions, restrictions and other matters then recorded against the Premises so long as such exceptions: (w) were in effect on the Effective Date, (x) were approved by Tenant prior to the Substantial Completion Date; (y) consist of non-delinquent real estate taxes and assessments or (z) 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 together with any transfer tax. 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 termination of this Lease, the Ground Lease shall automatically terminate, and, upon request by either Party, the parties shall execute and record a termination of Ground Lease and this Lease in the real property records of the County. In addition, prior to the conveyance, as built plans, maintenance records, management records, and records of contracts and payments with vendors for the entire Lease Term shall be made available to Tenant, or transferred into the Tenant's possession.

**4.5 Covenant to Budget for Rent.** Tenant's obligation to pay Rent is a general fund obligation of Tenant, and Tenant hereby covenants to take such action as may be necessary to include the payment of all Rent due hereunder in its annual budget and to make the necessary annual appropriations for the payment of Rent, subject to the provisions of this Lease. Such covenants are deemed to be duties imposed by law, and it is the duty of each and every public official of Tenant to take such action and do such things as are required by law in the

performance of the official duty of such official to enable Tenant to carry out and perform such covenants.

Subject to Abatement as provided herein, the obligation of Tenant to pay Rent and to perform its obligations hereunder will be absolute and unconditional, and payment of Rent will not be subject to setoff, counterclaim or recoupment.

Notwithstanding the foregoing, the obligation of Tenant to pay Base Rent and Additional Rent does not constitute an obligation of Tenant for which Tenant is obligated to levy or pledge any form of taxation or for which Tenant has levied or pledged any form of taxation. Neither the Bonds nor the obligation of Tenant to pay Base Rent or Additional Rent constitutes an indebtedness of the County, the State of California or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction.

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

**5.1 Absolute Net Lease.** Tenant acknowledges that, with the conditions set forth herein, this Lease is an absolute net lease. From and after the Substantial Completion Date, Tenant shall pay (i) all Operating Costs in accordance with Section 5.7 and (ii) Capital Repair Reserve Payments made in accordance with Section 5.11. Prior to the Substantial Completion 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 be responsible for all operations and all property management for the Premises. Landlord shall at all times use its best efforts to operate the Premises in an economically reasonable manner and minimize 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 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, electrical system, plumbing system, pest control, 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 reasonable costs of services provided by third parties (i.e., service providers other than Landlord) and benefiting the Premises, including parking management services; provided, however, that (i) Landlord shall be required to obtain services at rates generally competitive in the marketplace, (ii) such third-party providers shall not be related entities to Landlord and (iii) any gift, bonus, rebate, offset against fees or charges at another site or other remuneration paid by any such third-party provider to Landlord, Developer, any property manager, or any other party engaging in or related to the management of the Premises shall be disclosed to Tenant and credited to Tenant as an offset against Operating Costs. Such services shall include janitorial, security, gardening, 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, and reasonable security/fire alarm monitoring fees and related costs;

(g) Taxes;

(h) any damage to the Premises (but not to Tenant's Personal Property) caused by breaking and entering or other criminal act or any other event not covered by insurance, to the extent that such act or event is not caused or exacerbated by the acts or omissions of Landlord, its agents, employees, or contractors;

(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 or maintenance reserve provided for in the Annual Operating Budget or as may otherwise 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 to the extent that such fire or casualty is not caused or exacerbated by the acts or omissions of Landlord, its agents, employees, or contractors;

(m) following Final Acceptance, all attorneys' fees and other costs incurred by Landlord in efforts to enforce the provisions of the Development Agreement the

General Construction Contract as approved by Tenant to enforce product or workmanship warranties given by Developer, the 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, the General Contractor, or any other Contractor or any other party who may be obligated to Landlord;

(n) Administrative Fees and Expenses, any Rebatable Arbitrage (as defined in the Indenture) payable with respect to the Bonds, and costs payable in connection with any prepayment of Base Rent and any defeasance or redemption of the Bonds;

(o) all other costs reasonably incurred by Landlord in connection with the 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, Leasehold Mortgage and other documents relating to the Bonds and all Requirements of Law;

(p) all costs of compliance with federal, state or local laws, regulations or permits pertaining to storm water pollution, prevention plans and all National Pollution Discharge Elimination System laws or regulations adopted or to be adopted by the United States Environmental Protection Agency;

(q) the costs for a day porter for the Premises on such schedule as is mutually agreed by Landlord and Tenant;

(r) the costs for building engineers (including an Inspection Engineer under Section 5.11(a)) for the Premises on such schedule as is mutually agreed by Landlord and Tenant;

(s) the costs for security for the Premises on such schedule as is mutually agreed by Landlord and Tenant; and

(t) any costs of obtaining the nonexclusive right to use a minimum of six hundred (600) parking spaces in the Garage;

(u) if elected by Landlord and Tenant, a reserve fund for unexpected expenses commencing at two hundred thousand dollars (\$200,000) per year and thereafter as it may be increased at the suggestion of Landlord and direction of Tenant.

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

(a) Project Costs;

(b) Utilities established in the name of Tenant with Tenant's Concurrence as 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 failure to make payments when due or take such other actions as may be required, unless arising directly from Tenant's failure to pay Rent to Landlord when due;
- (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 or (ii) legal proceedings arising out of Landlord's violation of the terms of this Lease, the Ground Lease, any contract with any third party, or any Requirements of Law;
- (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 16;
- (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, the General Contractor, or 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 16;
- (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 above the level of building manager (excluding 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.

**5.4 Payment of Taxes by Tenant.** Tenant shall be liable for Taxes that accrue from and after the Rent Commencement Date. Tenant shall pay all Taxes directly to the applicable governmental agency prior to delinquency and shall provide proof of such payment promptly to Landlord. To the extent Taxes or other charges can be paid in installments, Tenant 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 Applicable 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. Landlord and Tenant shall cooperate to minimize the amount of applicable Taxes where reasonably possible and to the extent consistent with all Applicable Laws.

**5.5 Real and Personal Property Tax Statements.** Landlord shall make appropriate arrangements to receive directly from the applicable governmental agency assessment notices and real and personal property tax statements for the current year and shall provide a copy thereof promptly to Tenant. Tenant and Landlord shall work together in good faith to obtain a property tax exemption for the Premises and Project. Without limiting the generality of the foregoing, Landlord shall apply for and use commercially reasonable efforts to obtain and maintain, effective from and after the Effective Date and continuing throughout the Term, the Welfare Exemption from property taxes, as set forth in Section 214 of the California Revenue and Taxation Code, or any successor statute, for the Premises. Tenant shall reasonably cooperate with Landlord's efforts described in the immediately-preceding sentence.

**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 Substantial Completion 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 Annual Operating Budget to Tenant no later than nine (9) months prior to the anticipated Substantial Completion Date and the commencement of each Fiscal 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 Fiscal 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 Fiscal Year, Landlord and Tenant will resolve the dispute pursuant to 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.** In advance of the Rent Commencement Date and thereafter in advance of each Rent Payment Date, Tenant shall pay as Additional Rent, on February 1 and August 1 of each year, an amount equal to one-half (1/2) of the Operating Costs for each Fiscal Year as reasonably estimated by Landlord and set forth in the Annual Operating Budget. By way of example, Additional Rent that is due and payable on February 1, 2028 (and that is attributable to the period from February 1, 2028 through July 31, 2028) shall be paid no later than January 31, 2028. The first Additional Rent payment shall equal the sum of (i) the prorated amount attributable to the period between the Substantial Completion Date and the next following Rent Payment Date, and (ii) any insurance premiums that are required to be prepaid in full at the commencement of coverage on the Rent Commencement Date. The last Additional Rent payment shall equal the prorated amount attributable to the period between the last Rent Payment Date and the Expiration Date. Tenant shall pay directly to the Trustee any portion of Additional Rent that is required to be held and applied by the Trustee under the Indenture, and to the Landlord any other portion.

(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 Fiscal 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 Fiscal 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 Fiscal 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 Fiscal 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.

**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 Cost, 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 Base 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 Fiscal 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. If, after delivery of copies of such audit to Landlord and Trustee and 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 Fiscal 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. The Trustee shall have no duty to review, verify or analyze such audits and shall hold such audits solely as a repository for the benefit of the Landlord and the holders of the Bonds. The Trustee shall not be deemed to have notice of any information contained therein or default or Event of Default which may be disclosed therein in any manner.

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 18 of the Development Agreement, in a method, by parties 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 a method, by parties and at a budget approved by Tenant and 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 or management agreement.

**5.11 Annual Capital Repair Reserve Payment.** Following the Substantial Completion Date, in advance of each Rent Payment Date, Tenant shall pay to Trustee, as Additional Rent, one-half (1/2) of the Annual Capital Repair Reserve Payment which has been reasonably 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) Fiscal Years following the Substantial Completion Date is approximately [\$243,000] 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 and final year shall be prorated for any partial year.

The Approved Work Plan for the Premises and the amount of the Annual Capital Repair Reserve Payment shall be re-determined every fifth (5<sup>th</sup>) Fiscal Year following the Substantial Completion 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, 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 Substantial Completion Date and each September 30 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 (6<sup>th</sup>) Fiscal Year following the Substantial Completion Date and each Fiscal Year thereafter, the Annual Capital Repair Reserve Payment shall be determined in accordance with the following procedure: on or before June 1 of the fifth (5<sup>th</sup>) Fiscal Year following the Substantial Completion Date, and every fifth (5<sup>th</sup>) June 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 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 with or without 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 five (5) 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 five (5) years unless the Tenant agrees otherwise. Disputes between Landlord and Tenant regarding the Proposed Capital Expenditure Work Plan may, but are not required to be, submitted according to the independent dispute mediation process set forth in Section 5.11(d), 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.

(b) **Disbursements from the Capital Repairs Fund.** 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.

(c) **Determination of Capital Expenditure Amount.** 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. 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.

(d) **Mediation of Disputes.** Landlord and Tenant have the option, but not the obligation, 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 Premises are made in a cost-effective, appropriate and timely manner so as to maintain the Premises 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 five (5) years unless the Tenant agrees otherwise. Nothing in this Section prohibits either party from pursuing remedies in law or equity with courts of the County of Los Angeles consistent with Section 34.12.

(e) **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 following conveyance by either the Landlord or Trustee.

(f) **Limit on Annual Capital Repair Reserve Payment.** Notwithstanding any other provision of this Lease to the contrary, in no event shall the Annual Capital Repair Reserve Payment for any year exceed an amount which, when added to the total Base Rent for such year, cause the aggregate of such amounts to exceed the Fair Market Rent of the Premises for such year.

**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 Substantial Completion Date, and 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 Substantial Completion 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, and Tenant has confirmed to its satisfaction that the Premises can be used for the Permitted Use. Any sublease

by Tenant to private persons as defined in the Code shall require that Landlord, Trustee and Tenant receive a Favorable Opinion of Bond Counsel (as defined in the Indenture). Furthermore, no such sublease shall adversely affect the status of Landlord as a 501(c)(3) organization as defined in the Code. Tenant's use of the Premises shall be in accordance with the following:

**7.1 No Insurance Cancellation.** Tenant shall not negligently or intentionally do, bring, or keep anything in or about the Premises that would reasonably expected to cause cancellation of any insurance covering the Premises.

**7.2 Compliance with Applicable Laws.** From and after the Substantial Completion Date, Tenant shall comply with all Applicable 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 Substantial Completion Date, and to the extent permitted by law, Tenant shall absolutely and unconditionally 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 which are proven to be caused by or resulting from the actions of Tenant, its agents or employees after the Substantial Completion Date, excluding (a) any Hazardous Substances introduced on the Premises by Landlord or its agents or which migrate onto the Premises from property not owned by Tenant as a result of any act or omission of Landlord or its agents; (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, the 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 Ground Lease, the Development Agreement, the Indenture, any other document executed by Landlord in connection with a Leasehold Mortgage incurred in connection with Section 11, or any other contract or agreement. 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 or permit actions to be taken that would reasonably be expected to cause damage to the Premises.

**7.4 Landlord and Tenant Covenants.**

(a) **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 Leasehold Mortgage which comply with the provisions of Section 11) or except as consented to in



writing by Tenant (at Tenant's sole and absolute discretion) and Trustee; (d) shall not engage in any activities related to the Premises or the Leasehold 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. Unless Landlord (i) is directed in writing by holders of a majority in aggregate principal amount of the Bonds or the Trustee, and (ii) has received a Favorable Opinion of Bond Counsel, at all times during the Term, Landlord shall not assign its rights under this Lease (except to Trustee pursuant to the Indenture and the Leasehold Mortgage) without (x) the prior written consent of Tenant (which may be granted or withheld at Tenant's sole and absolute discretion), and (y) complying with the Ground Lease. Tenant agrees to comply with the provisions of that certain Tax Agreement by and between Tenant and Landlord of even date herewith (the form of which is attached as Exhibit R) (the "**Tax Agreement**"). Tenant hereby covenants that it will not take any action, or fail to take any action, or permit any action to be taken on its behalf or cause or permit any circumstances within its control to arise or continue, if such action or inaction would cause the interest on the Tax Exempt Bonds to be included in gross income for federal income tax purposes. This covenant shall survive the payment in full or defeasance of the Bonds.

(b) **Continuing Disclosure.** Tenant hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Lease, failure of Tenant to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default hereunder.

**7.5 Prohibited Uses.** The following uses of the Premises are expressly prohibited:

(a) The Premises shall not be used or developed in any way which violates any Applicable Laws.

(b) The Premises shall not be used or developed in any way in a manner inconsistent with the Permitted Use. Without limiting the foregoing, no part of the Premises shall be used by any person for any adult entertainment purposes, as such term refers to graphic, explicit and/or obscene depictions of sexual activity or illegal drug use.

(c) No condition shall be permitted to exist upon the Premises which induces, breeds or harbors infectious plant diseases, rodents or noxious insects, and Tenant shall take such measures as are appropriate to prevent any conditions from existing on the Premises which create a danger to the health or safety of any persons occupying, using, working at, or patronizing the Premises.

(d) No tools, equipment, or other structure designed for use in boring for water, oil, gas or other subterranean minerals or other substances, or designed for use in any mining operation or exploration, shall hereafter be erected or placed upon or

adjacent to the Premises, except (a) as is necessary to perform maintenance and repair obligations under this Lease, and (b) for such boring or drilling as necessary to perform water testing or monitoring, or any dewatering program to relieve soil water pressure.

(e) No adverse environmental condition in violation of Applicable Laws shall be permitted to exist on or in any portion of the Premises, nor shall any Hazardous Substances be permitted to be generated, treated, stored, released, disposed of, or otherwise deposited in or on, or allowed to emanate from, the Premises, or any portion thereof.

## **8. Liens.**

**8.1 Covenant Against Liens.** Except for the Indenture and the Leasehold 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. 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 Substantial Completion 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 Substantial Completion Date, it shall not during the Term suffer or permit any Liens to be attached to, upon or against the Premises (including the right to contest same by appropriate proceedings conducted in good faith with due diligence), 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. Tenant agrees to indemnify, protect, defend and hold Landlord harmless from and against all liabilities, losses, damages, expenses and costs (including reasonable attorneys' fees and costs) incurred in connection with any Lien arising from the circumstances set forth in the immediately preceding sentence.

**8.2 Covenant to Remove Liens.** Landlord will promptly, and in all events within thirty (30) days following the attachment of any Lien, 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 at the Applicable Rate 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, or repair 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 8.3 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 (a) the obtaining of financing for the Project, (b) the acquisition of a leasehold interest in the Premises by way of the Ground Lease, and (c) 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 upon achieving Substantial Completion of the Project by the date set forth in the approved Project Schedule and in no event later than the Developer Obligation Date. 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, which response date shall not be less than ten (10) Business Days.

**9.1 Development Agreement; Developer Insurance.** To meet the requirements of this Lease for timely completion of the Project, Landlord shall, simultaneously with the Effective Date, enter into the Development Agreement with Developer in the form attached to this Agreement as Exhibit O. 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 Exhibit G to the Development Agreement, 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 as described in Section 9.11.

**9.2 Developer Start Date.** Landlord shall cause the Developer to commence demolition, grading and substantive construction of the Project by the Developer Start Date and



thereafter to diligently prosecute the construction of the Project until its Substantial Completion in accordance with the Project Schedule.

**9.3 Schedule for Design and Construction.** The dates set forth in the initial Project Schedule attached hereto as Exhibit D-1, as may be 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 the date set forth in the approved Project Schedule, subject only to Unavoidable Delays and Owner-Caused Delays (each as defined in 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 final notices, plans and specifications or other documents required to be delivered by Developer to Landlord under the Development Agreement and Landlord shall also simultaneously provide to Tenant a copy of notices, plans and specifications or other documents 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 design meetings with Developer, Architect, and other design professionals as appropriate in the course of development of 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:

TC LA Development, Inc.  
2221 Rosecrans Ave, Suite 200  
El Segundo, CA 90245  
Attention: Greg Ames

(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.

#### **9.4 Plans and Specifications.**

(a) **Preliminary Plans.** As of the date of this Lease, Landlord has reviewed and accepted with Tenant's Concurrence, 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 Project 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 that 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 the date set forth in the approved Project Schedule. 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. To the extent that is commercially reasonable, Landlord shall provide Tenant with advance warning of the expected timing of any submission of Construction Drawings and/or Detailed Specifications for the Project or plans and/or specifications for Tenant Improvements. 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. Tenant's written Concurrence, objection or comments shall be provided within ten (10) days after receiving iterations of the Construction Drawings and Detailed Specifications. Landlord shall include in any such notice, printed in capital letters and boldface type, a legend to the following effect:

**“THIS COMMUNICATION REQUIRES IMMEDIATE RESPONSE. FAILURE TO RESPOND WITHIN TEN (10) BUSINESS DAYS FROM THE RECEIPT OF THIS COMMUNICATION SHALL CONSTITUTE A DEEMED APPROVAL OF THE CONTRACT DOCUMENTS DESCRIBED HEREIN.”**

If the foregoing legend is included by the Landlord in its communication, then the submitted Construction Drawings, Detailed Specifications for the Project, or plans and specifications for Tenant Improvements, shall be deemed to have been approved if the Tenant fails to object with respect thereto within ten (10) Business Days of receipt of such notice. 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) **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. Such submittals shall reasonably highlight any changes to or differences from the previous iteration of such Construction Drawings and/or Detailed Specifications for the Project or plans and/or specifications for Tenant Improvements. To the extent that is commercially reasonable, Landlord shall provide Tenant with advance warning of the expected timing of any submission of Construction Drawings and/or Detailed Specifications for the Project or plans and/or specifications for Tenant Improvements. 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 ten (10) Business Days. Landlord shall include in any such notice, printed in capital letters and boldface type, a legend to the following effect:

“THIS COMMUNICATION REQUIRES IMMEDIATE RESPONSE. FAILURE TO RESPOND WITHIN TEN (10) BUSINESS DAYS FROM THE RECEIPT OF THIS COMMUNICATION SHALL CONSTITUTE A DEEMED APPROVAL OF THE CONTRACT DOCUMENTS DESCRIBED HEREIN.”

If the foregoing legend is included by the Landlord in its communication, then the submitted changes to Construction Drawings and/or Detailed Specifications for the Project or plans and/or specification for Tenant Improvements shall be deemed to have been approved if the Tenant fails to object with respect thereto within ten (10) Business Days of receipt of such notice.

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 resolved pursuant to the dispute resolution process set forth in Section 9.6.

**9.5 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.

**9.6 Dispute Resolution Process.** Tenant and Landlord have the option to follow the independent resolution process set forth in this Section 9.6 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 Construction Drawings or Detailed 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.

**9.7 Project Contingency.** The amounts set forth in the various line items of the Project Budget are estimates only of Project Costs to be incurred. 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 shall have been less than the amount in the Project Budget, to the line item in which the excess Project Cost(s) has occurred. Following the allocation by Developer as set forth in the preceding sentence with respect to all line items, except Project Contingency, Developer is entitled to draw upon the Project Contingency for such excess Project Costs. The allocation of the Project Contingency for such purposes is solely under Developer's control; provided however, if there is any unused Project Contingency following Final Acceptance, such sums shall be allocated in accordance with the provisions of Section 12.8 of the Development Agreement, the Indenture and the Tax Agreement. If the Project Contingency is not sufficient to pay such excess Project Costs, Developer shall be responsible therefor in accordance with Section 9.6 of the Development Agreement. The monthly reports provided to Landlord and Tenant shall contain an explanation in reasonable detail of any allocation of cost savings and Project Contingency to other line items in the Project Budget.

**9.8 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 (a) the Development Agreement, (b) 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, (c) this Lease, and the Ground Lease.

**9.9 Construction Contracts.** Landlord intends to contract for the construction of the Project directly with the General Contractor 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.

**9.9.1 General Contractor Insurance.** Prior to the date of the execution of the General Construction Contract, Landlord shall cause the applicable Contractor to procure and maintain, at a minimum, for the duration of such Construction Contract the insurance more particularly described in Exhibit G of the Development Agreement, against claims for injuries to persons or damages to property which may arise from, or in connection with the performance of work thereunder by such Contractor, its agents, representatives, employees and/or subcontractors. The cost of such insurance shall be paid by (as applicable) the General Contractor, or their subcontractors.

**9.9.2 No Assumption of Risk.** By requiring such minimum insurance, neither Landlord nor Tenant shall be deemed to, or construed to, have assumed the risks that may be applicable to the General Contractor or the General Construction Contract

**9.10 Construction of Project.** Landlord shall use its reasonable best efforts to commence initial construction of the Project promptly following receipt of the clearing and grading permits. Thereafter, following receipt of the building permits for the Project, Landlord shall use its best efforts to cause construction of the Project to be diligently and continuously prosecuted in a timely manner. 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, Requirements of Law, and the Ground Lease. Landlord shall use its best efforts to cause Substantial Completion of the Project in accordance with the Project Schedule attached hereto as Exhibit D-1. In addition, Landlord shall use its best efforts to cause all Project Costs not to exceed the Fixed Price; provided, however, that (i) Landlord shall have no obligation to pay Project Costs in excess of the Fixed Price, and (ii) 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. As reflected in Exhibit N, Tenant may directly procure certain Financed FF&E. In such event, upon written request by Tenant (including such supporting documentation as Landlord may reasonably require), Landlord shall reimburse Tenant as a Project Cost for Tenant's costs of procuring such Financed FF&E; provided that such reimbursement shall not exceed the amount of the Financed FF&E Allowance as set forth in the Project Budget, and any costs in excess of such Financed FF&E Allowance shall be borne by Tenant and are not part of the Fixed Price.

**9.11 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 9.3(a), 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 may be subject to dispute resolution pursuant to Section 9.6. In no event shall Landlord approve any Project Application for payment unless and until the Project is in balance in accordance with Section 9.6 of the Development Agreement.

**9.12 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 12.8 of the Development Agreement, one hundred percent (100%) of the remaining savings shall be used, at the direction of the Tenant consistent with the Indenture and the Tax Agreement, to finance other capital improvements related to the Project or to pay or redeem Bonds, which shall result in a corresponding reduction to the Base Rent.

**9.13 Substantial Completion of the Project.** “**Substantial Completion of the Project**” shall have occurred when all of the following events have occurred with respect to the Project:

(a) Developer has notified Landlord and Tenant in writing that the Project, including all Tenant Improvements, is Substantially Complete in substantial accordance with the Contract Documents, subject only to the completion of normal Punch List items and activities required for LEED Gold certification (or as otherwise agreed by Landlord and Tenant);

(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 Project for its Permitted Use;

(c) The County has issued a temporary or final certificate of occupancy or other approval sufficient for initial occupancy of the Project 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 Project for its Permitted Use; provided, however, if (i) the certificate of occupancy is not issued solely because of Tenant’s failure to install Tenant’s Personal Property and/or any portion of the Financed FF&E to be installed by Tenant, in accordance with Exhibit N and the latest agreed upon schedule (but, if Tenant has not been provided with appropriate access rights to perform and complete the installation, then Tenant will be excused for every day it was not provided access) and (ii) Landlord has given Tenant written notice of such failure, with enough detail for Tenant to reasonably understand the failure, at least ten (10) Business Days prior to the deemed Project Substantial Completion Date, then this condition shall be deemed satisfied;

(d) The General 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;

(e) Access to the Project has undergone inspection by a "Certified Access Specialist" and has been determined pursuant to such inspection to meet all applicable construction-related accessibility standards under California Civil Code Section 55.53, and Landlord has so certified to Tenant pursuant to California Civil Code Section 1938;

(f) Landlord, with Tenant's Concurrence, has accepted the Project as Substantially Complete (which acceptance by Landlord and concurrence by Tenant shall not be unreasonably withheld, conditioned or delayed and will presumptively be granted if items (a) through (e) have been satisfied), subject to completion of the Punch List items agreed upon by Landlord, with Tenant's Concurrence;

(g) Landlord shall, or shall cause Developer to, have caused a Notice of Completion under California Civil Code Section 8190 to be recorded with respect to the Project.

(h) Notwithstanding that Substantial Completion of the Project shall have occurred, Landlord shall be entitled to provide Developer with a Punch List.

**9.14 Final Acceptance.** "Final Acceptance" shall have occurred when all of the following events have occurred with respect to the Project:

(a) The County has issued all certificates of occupancy for the Project; provided, however, if issuance of a certificate of occupancy is subject to completion of installation of Tenant's Personal Property, then this condition shall be deemed satisfied; provided, further, that if the parties specifically agree that any element of the Financed FF&E will be installed by Tenant, that agreement shall be set forth in Exhibit N and this condition shall be deemed satisfied regardless of any delay in the issuance of any certificate of occupancy attributable to such installation.

(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 with Tenant's Concurrence, from all Contractors and subcontractors who have performed work on site.

(c) All Punch List items for the Project have been completed to the reasonable satisfaction of Landlord with Tenant's Concurrence; provided that Landlord with Tenant's Concurrence, may consent to Final Acceptance prior to completion of all Punch List items, if (i) Landlord and Developer have agreed upon the estimated cost of any Punch List items remaining to be completed and (ii) 150% of such estimated costs are withheld by the Trustee in the Project Fund until the Punch List items have been completed to the reasonable satisfaction of Landlord with Tenant's Concurrence. When the Punch List items have been completed, and Developer has so notified Landlord, upon Landlord's reasonable satisfaction (with Tenant's Concurrence) that such Punch List items have been

completed, Landlord shall deliver its requisition to the Trustee for payment of such funds being withheld by Trustee.

(d) Developer has submitted its application for Final Payment together with evidence reasonably satisfactory to Landlord (with Tenant's Concurrence) that all construction costs for the Project have been paid in full including evidence of full payment for any personal property installed on the Premises 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 in form and substance satisfactory to Landlord (with Tenant's Concurrence) have been obtained by Developer from all Contractors in accordance with all Construction Contracts and from such laborers, Contractors and subcontractors performing work on site as Landlord, with Tenant's Concurrence, may require.

(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 or Tenant.

(g) The General Contractor has issued a certificate that the Project has been finally completed in substantial accordance with the Contract Documents and no Hazardous Substances were incorporated into the structure of the Project (other than as set forth in the Construction Documents).

(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 Fee (as defined in the Development Agreement).

(i) Landlord, Tenant and Trustee have each received an updated title commitment dated at least ninety (90) days after Substantial Completion, that (i) confirms that no liens for labor or materials have arisen in connection with the construction of the Project, and (ii) shows no additional exceptions to such title policy other than those approved by or arising through Landlord (with Tenant's Concurrence).

(j) Developer shall have delivered to Landlord and Tenant its affidavit that the Construction Contracts for the Project required the Contractors under those contracts and their subcontractors to pay prevailing wage in accordance with Section 34.23.

(k) The Civic Art shall have been installed.

(l) Developer shall have submitted the initial applications, supporting documents, and other materials needed to obtain LEED Gold certification (or as otherwise agreed by Landlord and Tenant).

**9.15 As-Constructed 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 constructed" 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, licenses, and a survey. Landlord shall ensure that Tenant has the right and irrevocable license to use the Construction Documents for maintenance, repairs, remodels, and additions or any other use incidental to Tenant’s use or occupancy of the Project and/or Premises or Tenant’s leasehold or fee interest to the Project. Tenant may freely use likenesses, depictions or renderings of the Project for publicity or other purposes associated with Tenant’s use or occupancy of the Project and/or Premises or Tenant’s leasehold or fee interest to the Project.

**9.16 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.

**9.17 No Amendment of Documents.** In the event Landlord desires to amend the agreement with the Architect, the General Construction Contract, the Development Agreement, the Indenture, the Leasehold Mortgage, each in accordance with its terms, or any other document, contract or agreement entered into in connection with the Bonds, Landlord shall submit a copy of such proposed amendment to Tenant. Such submittals shall clearly highlight any proposed amendment of the previously accepted version of any such agreement or contract and provide a clear articulation as to the reasons and purposes for making the proposed amendment. To the extent that is commercially reasonable, Landlord shall provide Tenant with advance warning of the expected timing of any notice of a proposed amendment. Landlord shall include in any such notice, printed in capital letters and boldface type, a legend to the following effect:

“THIS COMMUNICATION REQUIRES IMMEDIATE RESPONSE. FAILURE TO RESPOND WITHIN TEN (10) BUSINESS DAYS FROM THE RECEIPT OF THIS COMMUNICATION SHALL CONSTITUTE A DEEMED APPROVAL OF THE CONTRACT DOCUMENTS DESCRIBED HEREIN.”

If the foregoing legend is included by the Landlord in its communication, then the submitted amendment to any of the agreement with the Architect, the General Construction Contract, or any Contract Document, the Development Agreement, the Indenture, the Leasehold Mortgage, each in accordance with its terms, or any other document, contract or agreement entered into in connection with the Project or the Bonds, shall be deemed to have been approved by Tenant if the Tenant fails to object with respect thereto within ten (10) Business Days of receipt of such notice; provided, however, any amendment that would be likely to result in (a) the Project (i) not meeting the Project Requirements, (ii) not complying with Requirements of Law, (iii) violating the terms of any permits for the Project, (iv) not being completed in compliance with the Project Schedule, (v) having a cost that exceeds the Project Budget, or (vi) being subject to material change in appearance or diminution in quality of the Project or (b) the Base Rent or the Additional Rent being increased at any time during the Term (collectively, a “**Disallowed Amendment**”) shall not be subject to the deemed approval provision set forth above and shall require the affirmative consent of Tenant.

In the event Tenant notifies Landlord within ten (10) Business 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 (a) Landlord first does each of the following: (i) responds to the concerns expressed by Tenant, (ii) determines that any such amendment does not materially and adversely affect the Project, (iii) confirms that any such amendment complies with the provisions of the Indenture, and (iv) obtains Tenant's Concurrence and (b) the proposed amendment is not a Disallowed Amendment.

**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, this Lease, Requirements of Law, or the Ground Lease, or any other construction related defects in the Project or construction means and methods.

(a) **Copies of Review Items.** Landlord 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 Landlord and Developer so as to not unreasonably interfere with or delay design, development or construction of the Project.

(b) **Notices to Landlord.** If during the course of construction, Tenant's Construction Representative notifies Landlord that it believes that the Project is not proceeding in accordance with the Contract Documents, Landlord shall provide a copy of such notice to Developer for review and response and Landlord 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 Landlord and Developer as to what it considers to be the intent of design. For purposes of this Section 9.18(c), "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) **Change in the Work Initiated by Tenant.** Tenant may initiate changes in the work if, and only if, Tenant deposits additional funds in the Non-Bond Proceeds Account (as defined in the Indenture) held by the Trustee to cover any additional cost of such change including the applicable Developer's Fee payable for any such change pursuant to Section 11.1 of the Development Agreement. Such Tenant requested change orders are expected to include change orders related to Procured FF&E; additional environmental remediation in excess of the amount set forth in the Project Budget; and tenant improvements to the retail area of the Premises.<sup>1</sup>

## **10. Maintenance, Management, Alterations, and Janitorial Services.**

**10.1 Maintenance and Repair.** Landlord shall, at Landlord's sole cost and expense (but only to the extent that Tenant has provided funds in accordance with the Annual Operating Budget and that there are available operating or maintenance reserves (with respect to Operating Costs), the Capital Repairs Fund (with respect to Capital Expenditures), or as otherwise made available by Tenant), and in accordance with this Lease, maintain, repair and replace the Project or portions thereof in an attractive condition, good order and function, at a condition equal to or better than the predominant condition of other office buildings owned or occupied by Tenant in the business districts of the City of Los Angeles, throughout the Term, including but not limited to the following: (a) the structural portions of the Premises (understood to include the roof, foundation and load bearing walls); (b) the non-structural portions of the Premises (understood to include the roof covering and membrane), including but not limited to all improvements, alterations and fixtures, but excluding furnishings; (c) all systems and equipment, including but not limited to electrical, plumbing, fire sprinkler, fire suppression system, fire/life/safety system, elevators, security systems, flooring, ceiling, doorways, windows, hardware, fixtures, lighting, heating, ventilating and air conditioning system ("HVAC"), and loading doors; (d) the exterior of the Premises including, but not limited to, landscaping, driveways, sidewalks, lighting and parking facilities, and storm water maintenance servicing the Premises. Landlord shall 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. It is the intent of this Section 10 that Landlord, to the extent of available funds as set forth above, agrees to perform all maintenance and make all repairs to the Premises that may become necessary by reason of age, wear and tear, deferred maintenance or defects in any construction thereof by Landlord. In determining a maintenance and repair program for the Premises, Landlord shall determine a cost-effective program of maintenance and repair. In the event that there are insufficient funds available to make repairs required under this Section 10.1 due to unforeseen circumstances, the Parties shall meet promptly and determine how to amend the budget priorities, utilize any reserves, or modify operations or standards so that the then-current Fiscal Year's budget is not increased.

(a) **Time for Repairs.** Repairs shall be made promptly to keep the Premises in the condition described in this Section 10. Landlord understands certain response time is required to ensure Tenant's operations continue with minimal interruption and to ensure the safety of employees and delivery of services. Landlord shall commence

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<sup>1</sup> NTD: To be confirmed: Relocation Services are included in the budget such that no change order will be necessary.

repairs or cause the property manager or others to commence repairs (i) within four (4) hours from notice (“**Emergency Repair Commencement Deadline**”) with respect to (1) electrical power, (2) HVAC operations, (3) vertical transportation, (4) parking garage use or access, (5) broken windows, exterior doors or any other fault to the exterior surface of the Project that poses any sort of security or weatherproofing concern, (6) security and fire/life safety systems, (7) flooding or water damage, (8) any condition reasonably likely to lead to any risk to public safety, human health or property damage, destruction or loss, and (9) essential daily custodial services, and (ii) within ten (10) Business Days for all other repairs and maintenance (unless, due to the nature of the particular repair or maintenance obligation, more than thirty (30) days are reasonably required to commence it, in which case the property manager shall not be in default if it begins the work within this thirty (30) day period). Once commenced, repairs shall be diligently prosecuted to completion on a commercially reasonable schedule.

(b) **Tenant’s Right to Make Repairs.** If Tenant provides notice to Landlord of an event or circumstance that requires the action of Landlord with respect to the replacement, repair, or maintenance to the Premises as set forth in this Section 10.1 and Landlord fails to provide such action as required by the terms of this Lease within the time period specified in Section 10.1(a), Tenant may (but shall not be obligated to do so) take the required action if Tenant delivers to Landlord an additional notice advising Landlord that Tenant intends to take the required action if Landlord does not begin the required repair or maintenance within (i) four (4) hours for any of the issues set forth in Section 10.1(a)(i) and (ii) twenty-four (24) hours for any other issue.

(c) **Tenant’s Right to Reimbursement.** If such action was required under the terms of this Lease to be taken by Landlord, Tenant shall be entitled to prompt reimbursement within thirty (30) days of invoice by Tenant to Landlord, which invoice shall include reasonable supporting documentation with respect thereto.

(d) **Emergency Repairs.** An “**Emergency Repair Situation**” is defined as the existence of any condition that requires prompt repair, replacement or service to minimize the impact of an event or situation that affects Tenant’s ability to conduct business or otherwise occupy and utilize the Premises in a neat, clean, safe, and functional environment. If Tenant notifies Landlord of an Emergency Repair Situation, which occurs in or about the Premises and which is the responsibility of Landlord to repair or maintain, then Landlord shall commence appropriate repairs or maintenance immediately after notice of the condition is given by Tenant, which notice may be via telephone, facsimile, email, personal contact or any other means, and Landlord shall thereafter diligently pursue to completion said repairs or maintenance.

(e) **Tenant’s Right to Cure.** If Landlord fails to commence repairs within four (4) hours of the Emergency Repair Commencement Deadline, or if the Tenant is unable to contact the Landlord or any designated agent within a reasonable time based upon the seriousness of the event or situation, Tenant may, but shall not be obligated to, cause said repairs or replacements to be made or such maintenance to be performed, and Tenant shall provide notice to Landlord of any actions taken by Tenant with respect to such repairs, replacements or maintenance. Within ten (10) days following demand and invoice

by Tenant accompanied by reasonable supporting documentation with respect thereto, Landlord shall reimburse Tenant the actual cost and expenses thereof, provided said costs and expenses are reasonable and funds are available therefor.

(f) **Tenant's Right to Consent.** Landlord and Tenant shall consult as to whether a particular expenditure under this Section 10.1 is properly chargeable as an Operating Cost or Capital Expenditure, and no withdrawals from the Capital Repairs Fund shall be made without Tenant's written consent (either at the time or in advance by means of approval of a budget providing for such expenditure).

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

(a) **Standard of Operation.** 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 Class A office buildings located in the business districts of Los Angeles, California, and in a manner which is efficient and reasonably controls expenses.

(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 and managed by Landlord. Such property manager shall be subject to Tenant's prior approval, and have at least five (5) years' experience in managing Class A office buildings of comparable size and quality to the Premises in the business districts of Los Angeles, at a management fee which shall not be in excess of the predominant 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 include the provisions set forth in Exhibit L, and shall comply with Revenue Procedure 2017-13 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. The property management contract shall also include a requirement that, if the nature of the repair or maintenance obligation presents a hazard or emergency, the property manager shall commence performance within 8 hours, and shall thereafter pursue such cure with diligence. Such property manager shall at all times operate the Premises in compliance with the requirements of all Applicable Laws and in compliance with the terms and provisions of this Lease and the Ground Lease. Commencing on the Substantial Completion Date, the property manager shall be retained with a contract not more than five (5) years in length. Such property management contract shall include provisions stating that such contract may be terminated for cause (but not convenience) by Landlord on its determination or as directed by Tenant, if the property manager is in default under the property management contract. Such termination for cause shall require only thirty (30) days written notice to the property manager. After the expiration or termination of the original property management contract, Contracts with property management firms shall be terminable for cause as set forth above and terminable for convenience by Landlord at Tenant's direction upon not less than six (6) months' notice beginning five (5) years after the Substantial Completion Date. Notwithstanding the foregoing or any other provision of this Lease, any and all management



contracts relating to the Project, including the original property management contract, shall immediately terminate at the time that the Bonds are no longer Outstanding.

(c) **Financial Statements.** As soon as reasonably possible and in any event within 180 days after the close of each Fiscal Year (beginning with the Fiscal Year ending June 30, [20\_\_]), 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 Fiscal 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 Ground Lease, the Leasehold Mortgage, the Indenture, and the Bonds. Such year-end balance sheet and income statements of the Landlord 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 Ground Lease, the Leasehold 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 Ground Lease, the Leasehold 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, including the balance sheet, income, retained earnings, and changes in financial position statements and operating statements described above (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 default or 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 Cost pursuant to Section 5.2. The Asset Management Fee is separate and distinct from the Development Management Fee owed to Developer and paid to Landlord through Bond proceeds on the date of issuance of the Bonds.

**10.3 Tenant's Remedies.** If Landlord does not perform its obligations under Section 10.1 of this Lease within the time limitations set forth therein, or if Landlord does not reimburse Tenant as required under Section 10.1 after demand from Tenant, Tenant may resort to the mediation procedure in Exhibit F and/or pursue any and all remedies available at law or equity, except that Tenant shall have no right to offset against Base Rent payable under this Lease.

**10.4 Alterations by Landlord.** From and after the Substantial Completion Date, Tenant may require Landlord to complete alterations of the Premises and Landlord shall provide a written cost estimate of the requested alterations with complete line item breakdown for each component of the requested alterations for Tenant's review and approval. In the event Tenant approves the cost, and the total cost is \$25,000 or less, Landlord shall proceed to complete the requested alterations in a timely manner. Upon completion of the alterations, Landlord shall submit an invoice for payment to Tenant including a detailed breakdown on the costs for the alteration(s), and Tenant shall pay said invoice within thirty (30) days of receipt of invoice. In the event the cost of the alterations exceeds \$25,000 and Tenant approves the costs, Landlord shall proceed to complete the requested alterations subject to the availability of funds, or, Tenant's undertaking to reimburse Landlord for such costs prior to the due date for payment to contractors, architects, or other third parties in connection with such alterations, provided said due date is not less than thirty (30) days from each invoice for completion of the alterations. Such alterations and additions shall 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 Landlord. Any alterations completed by Landlord pursuant to this Section 10.4 shall be maintained by Landlord during the term of this Lease.

**10.5 Compliance with Laws.** To the extent required by Applicable Laws, Landlord shall comply and stay current with all applicable local, state, and federal building codes and laws as from time to time amended, including, but not limited to, the Americans with Disabilities Act requirements in providing Tenant with any requested alterations.

**10.6 Lien Free.** Landlord shall cause all alterations to be lien free, completed in a workmanlike manner and in compliance with all Applicable Laws.

**10.7 Alterations by Tenant.** Any alterations or Tenant Improvements to be undertaken by Tenant shall have the prior written consent of Landlord. Such consent shall not be unreasonably withheld, conditioned or delayed. Any alterations or Tenant Improvements made by Tenant shall remain Tenant property and may be removed by Tenant at or prior to the expiration of this Lease; provided, however, that such removal does not cause injury or damage to the Premises beyond normal wear and tear. Landlord shall, upon reasonable notice, have

access to all non-confidential and/or non-privileged plans and specifications relating to alterations or Tenant Improvements made by Tenant to Premises.

**10.8 Communications Equipment.** Tenant may, from time to time, install, maintain, replace and/or remove any satellite dishes, links, duct bank or antennas on the grounds, roof and/or exterior walls or parapet of the Premises as Tenant deems necessary or desirable, provided Tenant shall first obtain Landlord's approval, which approval shall not be unreasonably withheld, conditioned, or delayed, and Tenant shall be responsible for repairing any damage caused to the roof or roof membrane in connection with such activities. Upon the removal by Tenant of any such satellite dishes, links, or antennas, Tenant shall repair any damage incurred in connection with such removal. Any work by Tenant pursuant to this Section 10.8 shall be subject to compliance with the Landlord's reasonable requirements, including, without limitation, the requirement that any work affecting the roof of the Project be undertaken in a manner so as not to affect any roof warranty then in effect.

**10.9 Janitorial Services.** Landlord shall provide, or cause to be provided, as an Operating Cost, all janitorial services in connection with the Premises, consistent with the requirements set forth on Exhibit M.

**10.10 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 which provides for immediate termination of each such contract following the conveyance of the Premises to Tenant pursuant to Section 4.

**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 Leasehold Mortgage securing the Bonds have been provided to and approved by Tenant. Pursuant to the subordination, non-disturbance and attornment agreement, of even date herewith entered into by Landlord and Tenant with the Trustee as the beneficiary under the Leasehold Mortgage, so long as Tenant is not in default, beyond any applicable notice and/or cure period, under any of the terms, covenants or conditions of this Lease, the beneficiary under the Leasehold Mortgage shall not disturb Tenant's possessory rights in the Premises in the event such beneficiary should foreclose the Leasehold Mortgage.

**12. Construction Liens.** From and after the Substantial Completion 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 12 shall survive the Expiration Date.

### **13. Representations and Warranties.**

**13.1 Representations and Warranties of Landlord.** Landlord hereby makes the following representations and warranties as of the Effective Date:

**13.1.1 Legal Power.** Landlord has the legal power, right and authority to enter into this Lease and to consummate the transactions contemplated and described herein.

**13.1.2 Binding Obligation of Landlord.** This Lease is a valid and legally binding obligation of Landlord and the applicable provisions hereof enforceable against Landlord in accordance with their respective terms, subject only to applicable bankruptcy, insolvency, reorganization and moratorium laws or similar laws or equitable principles affecting or limiting the rights of contracting parties generally.

**13.1.3 Compliance with Organizational Documents.** There is no charter, bylaw, or capital stock provision of Landlord, and no provision of any indenture, instrument, or agreement, written or oral, to which Landlord is a party or which governs the actions of Landlord or which is otherwise binding upon Landlord, nor to Landlord's knowledge is there any judgment, decree or order of any governmental authority or court binding on Landlord which would be contravened by the execution, delivery or performance of this Lease.

**13.1.4 Litigation Pending.** To Landlord's knowledge, there is no action, suit, or proceeding at law or in equity or by or before any governmental authority now pending, or threatened against or affecting Landlord, which, if adversely determined, would materially impair Landlord's right or ability to execute or perform its obligations under this Lease.

**13.1.5 No Breach of Indebtedness Requirements.** Neither the execution and delivery of this Lease, nor the incurrence of the obligations set forth herein, nor the consummation of the transactions herein contemplated, nor compliance with the terms of this Lease conflict with or result in a material breach of any terms, conditions or provisions of, or constitute a default under, any bond, note or other evidence of indebtedness or any contract, indenture, encumbrance, deed of trust, loan, lease or other instrument to which Landlord is a party.

**13.1.6 Landlord.** To Landlord's knowledge, no attachments, execution proceedings, assignments for the benefit of creditors, insolvency, bankruptcy, reorganization or other proceedings are pending or threatened against Landlord, nor are any of such proceedings contemplated by Landlord.

**13.1.7 Accuracy of Materials.** To Landlord's knowledge, all written reports, documents, and instruments prepared by Landlord or an affiliate thereof and delivered to Tenant in connection with entering into this Lease are accurate, correct and sufficiently complete

to give Tenant true and accurate knowledge of their subject matter, and do not contain any material misrepresentation or material omission.

**13.1.8 No Gratuity.** Neither Landlord, nor its directors, officers, employees or affiliates, nor any individual representing Landlord, nor anyone holding an interest in Landlord has offered or given to any official or employee of Tenant any gratuity (in any form) for the intent or purpose of securing favorable treatment under this Lease or the approval or execution hereof.

**13.1.9 No Solicitation.** Landlord has not employed or retained any person, other than a bona fide employee working solely for Landlord, to solicit or secure this Lease and it has not paid or agreed to pay any person, other than a bona fide employee working solely for Landlord, any fee, commission, percentage, brokerage fee, gifts or any other consideration, contingent upon or resulting from the award or making of this Lease.

**13.1.10 Authority to Execute.** The individual(s) signing this Lease on behalf of Landlord is or are authorized to execute this Lease and bind Landlord to its terms and conditions, and, upon such execution, this Lease shall be legally binding on Landlord and, if Landlord is a corporation for which any individual is signing, have provided Tenant with a corporate resolution stating that such individual(s) is or are duly empowered to by such corporation to enter into this Lease.

**13.2 Representations and Warranties of Tenant.** Tenant hereby makes the following representations and warranties as of the Effective Date:

**13.2.1 Legal Power.** Tenant has the legal power, right and authority to enter into this Lease, and to consummate the transactions contemplated hereby herein.

**13.2.2 Binding Obligations of Tenant.** This Lease is the valid and legally binding obligation of Tenant and the applicable provisions hereof are enforceable against Tenant in accordance with their terms, subject only to applicable bankruptcy, insolvency, reorganization and moratorium laws or similar laws or equitable principles affecting or limiting the rights of contracting parties generally.

**13.2.3 Compliance with Charter.** There is no provision of any indenture, instrument, or agreement, written or oral, to which Tenant is a party or which governs the actions of Tenant or which is otherwise binding upon Tenant, nor is there any judgment, decree or order of any governmental authority or court binding on Tenant which would be contravened by the execution, delivery or performance of this Lease by Tenant.

**13.2.4 Litigation Pending.** To Tenant's knowledge, there is no action, suit, or proceeding at law or in equity or by or before any governmental authority now pending, or threatened against or affecting Tenant, which, if adversely determined, would materially impair Tenant's right or ability to execute or perform its obligations under this Lease.

**13.2.5 No Breach of Indebtedness Requirements.** Neither the execution and delivery of this Lease, nor the incurrence of the obligations set forth herein or therein, nor the consummation of the transactions herein or therein contemplated, nor compliance

with the terms of this Lease conflict with or result in a material breach of any terms, conditions or provisions of, or constitute a default under, any bond, note or other evidence of indebtedness or any contract, indenture, encumbrance, deed of trust, loan, lease or other instrument to which Tenant is a party.

**13.2.6 No Insolvency.** To Tenant's knowledge, no attachments, execution proceedings, assignments for the benefit of creditors, insolvency, bankruptcy, reorganization or other proceedings are pending or are threatened against Tenant, nor are any of such proceedings contemplated by Tenant.

**13.2.7 Authority to Execute.** The individual(s) signing this Lease on behalf of Tenant are authorized to execute this Lease and bind Tenant to its terms and conditions, and, upon such execution, this Lease shall be legally binding on Tenant.

**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 Exhibit K.

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

**15.1 General Liability.** After the Substantial Completion 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. Upon request by Landlord or Trustee (the Trustee having no obligation to make such request) to Tenant's Risk Manager, 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. 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 Substantial Completion Date, Landlord shall cause the Premises to be insured for fire and other perils currently covered by a special causes of loss commercial property insurance form. Such coverage shall include twenty-four (24) months of rental interruption coverage for the costs of Base 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 earth movement, and flood, either as part of the aforementioned commercial property policy, or under a separate policy or policies. Such earth movement and flood insurance shall include twenty-four (24) 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 earth movement 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. Indemnity and Hold Harmless.**

**18.1 Indemnification by Landlord.** Landlord shall indemnify, defend and hold harmless Tenant and its elected and appointed officers, officials, 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 attorneys' 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 negligence, 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 negligence or willful misconduct of Tenant.

Landlord shall require the Developer, the General Contractor, and all other Contractors to agree to and abide by the indemnification requirements set forth in this Section 18.1 in favor of Tenant, 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.

**18.2 Indemnification by Tenant.** Tenant shall indemnify, defend and hold harmless Landlord and its officers, representatives, employees, and agents (the “**Indemnified Landlord Parties**”) from and against any and all Liabilities 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 negligence or willful misconduct of Landlord, Developer, the General Contractor, or their consultants, agents or employees.

**18.3 Survival.** The indemnification provisions of this Section 18 shall remain in full force and effect and survive the termination and/or expiration of this Lease.

**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 equal or exceed the cost of such restoration, (ii) such restoration can be completed within a period which is not longer than twenty-four (24) months from date of such destruction, and (iii) such restoration is permitted under then existing Applicable 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 twenty-four (24) 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, including the deposit of funds with the Trustee sufficient to restore any Underinsured Damage.

(a) 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.

(b) If Tenant elects not to fulfill such conditions and the Premises are totally destroyed, this Lease shall terminate and the entire amount of the insurance proceeds held by Trustee shall be used to repay, redeem or defease Bonds and to reimburse Trustee for any costs incurred by Trustee for which it is entitled to reimbursement under the Indenture.

(c) If Tenant elects not to fulfill such conditions and the Premises are partially destroyed, this Lease shall not terminate, Tenant shall continue to pay Rent subject to Abatement and the amount of the insurance proceeds held by Trustee shall be disbursed to Landlord to complete such restoration as Landlord reasonably determines to be practicable to allow for Tenant's partial use of the Premises for its intended purposes. Any insurance proceeds not disbursed for such restoration shall be used to repay, redeem or defease Bonds and to reimburse Trustee for any costs incurred by Trustee for which it is entitled to reimbursement under the Indenture.

(d) If any monies deposited by Tenant in connection with any restoration pursuant to this Section 19.2 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 Abatement of Rent.** In the event that (i) the Premises are damaged or destroyed by fire or other casualty following the Rent Commencement Date or after Tenant commences paying Base Rent in accordance with Section 4.5, or (ii) a defect in Landlord's title occurs, either of which results in substantial interference with Tenant's right to the use and occupancy of the Premises, this Lease shall not terminate (except as provided in Section 19.2), but the Rent otherwise payable by Tenant hereunder (other than Additional Rent for payment of Operating Costs) shall be subject to Abatement during the period of such interference.

**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(1), 1932(2) and 1933(4).

**20. Condemnation.** The condemnations provisions in this Lease are in lieu of the provisions in Sections 1265.110-1285.160 of the California Code of Civil Procedure.

**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 (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 to



repay, redeem or defease Bonds in accordance with the Indenture. Any Condemnation proceeds remaining after Bonds are no longer Outstanding 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, and any funds remaining in such account as of Substantial Completion shall be used to repay, redeem or defease Bonds in accordance with the Indenture.

**20.2.2** If, after Substantial Completion of the Project, there is a partial taking of the Premises by Condemnation, and Tenant determines that restoration is possible or a reasonable use can be made of the Premises by Tenant without restoration, then the condemnation proceeds shall be paid to Trustee who shall, as applicable, (i) deposit such condemnation proceeds into the Capital Repairs Fund and shall disburse such condemnation proceeds to Landlord from time to time as restoration progresses, or (ii) apply such amounts to repay, redeem or defease Bonds in accordance with the Indenture.

**20.2.3** Following any partial taking of the Premises by Condemnation in which Tenant determines that restoration is possible or a reasonable use can be made of the Premises by Tenant without restoration, Rent (other than Additional Rent for payment of Operating Costs) shall be subject to Abatement to the extent and during the period that the partial condemnation results in substantial interference with Tenant's right to the use and occupancy of the Premises.

**20.2.4** Following any partial taking of the Premises in which Tenant determines that restoration is not possible and no reasonable use can be made of the Premises 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 to repay, redeem or defease Bonds in accordance with the Indenture. Any Condemnation proceeds remaining after Bonds are no longer Outstanding shall be paid to Tenant.

**21. Assignment of Project; Subletting.** Except as provided in the Indenture and allowed by the Ground Lease, 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 (which may be granted or withheld at Tenant's sole and absolute discretion) and a Favorable Opinion of Bond Counsel shall have been delivered to Trustee. 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 (which may be granted or withheld at Landlord's sole and absolute discretion) and a Favorable Opinion of Bond Counsel, which shall have been delivered to Trustee.

Any sale, transfer, conveyance, assignment, or sublease permitted under this Section 21 shall be in writing and shall require the purchaser, transferee, grantee, assignee, or subtenant to comply fully with the terms of this Lease and the Ground 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, or assignment 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.

Notwithstanding the foregoing, upon Tenant's election, Landlord shall sublease from Tenant the portion of the Premises consisting of approximately two (2) one-thousand (1,000) square foot spaces located within the ground floor retail space of the Office Building, as depicted in Exhibit S (the "**Retail Spaces**"), or a portion thereof, pursuant to a lease agreement in substantially the form attached hereto as Exhibit T (a "**Retail Space Lease**"), provided that the sole purpose of executing a Retail Space Lease shall be for Landlord to sub-sublease the Retail Spaces or portions thereof to a Retail Space Lessee (as defined below) identified by Tenant. Subject to the requirements of this paragraph, Tenant shall have the right to direct the use and operation of the Retail Spaces, including but not limited to the selection, by written notice to Landlord, of the third party user of all or any portion of the Retail Spaces (collectively, the "**Retail Space Lessees**"). Landlord shall be solely responsible for the leasing, management, and maintenance of the Retail Spaces. Landlord's rent obligation under the Retail Space Lease shall be to pay to Tenant the balance remaining, if any, from the rent (base or additional), operating expense reimbursements or other amounts paid to Landlord by the Retail Space Lessee, after first deducting any leasehold excise or other similar tax payable by Landlord, and all management and leasing fees, administration costs, leasing commissions, operating expenses, utilities, repair costs, legal fees and similar costs and expenses incurred by Landlord in connection with the leasing, management, and maintenance of the Retail Spaces. Each sublease of the Retail Spaces and the permitted use thereunder shall be subject to (i) the provisions of Section 7 regarding use of the Premises, (ii) Landlord and Tenant receiving a Favorable Opinion of Bond Counsel (as defined in the Indenture), which shall have been delivered to Trustee, and (iii) all Applicable Laws.

**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 to make any payment or any other payment due or required under this Lease, if the failure to pay is not cured within ten (10) days after written notice of such failure from Trustee or Landlord has been received by Tenant; provided, however, failure to pay the Base Rent at least one (1) Business Day prior to the Rent Payment Date shall be deemed an immediate default.

**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 failure from Trustee or Landlord has been received by Tenant; provided, however, if the default cannot reasonably be cured within such 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 such default until cured.

**22.3 Remedies for Tenant Default.** If Tenant commits an Event of Default under this Section 22 and fails to cure such default within the time period provided in this Lease



(in lieu of any statutory requirements), then Landlord shall have the right to pursue any and all remedies available at law or in equity, including without limitation, the right to (a) terminate this Lease or (b) so long as Landlord or its assignee does not terminate Tenant's right to possession, this Lease shall continue in effect and Landlord or its assignee shall have the right enforce all of its rights and remedies under this Lease, including the right to recover Base Rent payments as they become due hereunder pursuant to Section 1951.4 of the California Civil Code.

Notwithstanding the foregoing, in no event shall Landlord have the right to accelerate any payments owing by Tenant under this Lease.

Notwithstanding anything to the contrary herein, in the event Tenant commits an Event of Default under Section 5.11 and fails to cure such default within the time period provided herein, Landlord shall have no right to cancel and terminate this Lease or evict Tenant and re-enter the Premises through an unlawful detainer action or otherwise.

**23. Default by Landlord.** Landlord shall be in default if 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 Substantial Completion 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 Substantial Completion 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 diligent performance within such period following Tenant's notice and thereafter completes performance within a reasonable time. In the event that Landlord fails to cure any such default within the time periods permitted, Tenant shall have the right to pursue any and all remedies available at law or in equity, or have the option to pursue such remedies after resort to the procedure in Exhibit F provided, however, that Tenant shall have (i) no right to offset against Rent payable under this Lease, and (ii) no right to terminate this Lease or the Ground Lease so long as the Bonds remain Outstanding.

**24. Trustees Rights.** For so long as the Leasehold Mortgage remains in force and effect the following provisions shall apply:

**24.1 Notice of Default.** Tenant upon serving Landlord any notice of default pursuant to the provisions of this Lease shall also serve a copy of such notice upon Trustee at the address set forth in Section 34.15 or as subsequently provided in writing by Trustee to Tenant pursuant to the notice provisions set forth in Section 34.15. No notice to Landlord under this Lease shall be deemed to have been duly given unless and until a copy thereof has been provided to Trustee in accordance with Section 34.15. From and after the date such notice has been given to Trustee, Trustee shall have the same period, after the giving of such notice upon it, for remedying any default or acts or omissions which are the subject matter of such notice, or causing the same to be remedied, as is given Landlord after the giving of such notice to Landlord under this Lease, plus in each instance the additional periods of time specified in this Section 24 to remedy, commence remedying or cause to be remedied, the defaults or acts or omissions which are specified in such notice.

**24.2 Right to Cure.** Trustee shall have the right, but not the obligation, to remedy such default or cause the same to be remedied for a period of ninety (90) days after the expiration of Landlord's cure period, if any, provided under this Lease, for Landlord to remedy same, and Tenant shall accept such performance by or at the instance of Trustee as if the same had been made by Landlord.

**24.3 Extended Cure Period.** If the default is reasonably susceptible of cure, but cannot reasonably be remedied within ninety (90) days, Tenant shall not terminate this lease, so long as (a) defaults in the payment of money under this Lease are cured, within ninety (90) days and (b) the cure for any non-monetary default under this Lease has commenced, and is thereafter diligently and in good faith continuously prosecuted to completion. Such cure period shall include any time required to obtain possession of the Premises by foreclosure of the Leasehold Mortgage or by other appropriate means by reasonable diligence, or until such earlier time as all defaults of Landlord are cured. Nothing in this Section 24.3, however, shall be construed to extend this Lease beyond the Term, nor to require a Trustee to continue such foreclosure proceedings after all defaults are cured. Once all defaults are cured, this Lease, shall continue in full force and effect as if Landlord had not defaulted.

**25. Waiver.** 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.

**26. 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 Applicable Laws, and Tenant shall obtain any approval required by such Applicable Laws. Landlord makes no representation with respect to Tenant's ability to obtain such approval.

**27. Landlord's Right to Enter the Premises.** Landlord shall have the right to enter the Premises with twenty-four (24) hour prior written notice times during Tenant's normal business hours for the purposes listed below (or upon less notice if necessary to perform emergency repairs); provided, however, Landlord acknowledges and agrees to comply with Tenant's written requests regarding security and employee privacy protocols. 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. Tenant shall not be entitled to an abatement or reduction of Rent if Landlord exercises any right reserved in this Section 27.

**27.1 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.

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

**28. 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 Leasehold Mortgage), pledge (other than to Trustee pursuant to the Indenture), hypothecate or otherwise grant a security interest in the Premises or any portion thereof.

**29. Right to Estoppel Certificates.** Each Party, within thirty (30) Business Days after notice from the other Party, shall, unless the other Party 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 thirty (30) Business 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.

**30. 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 Premises and buildings constituting the Project, 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.

**31. 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, each Party shall bear its own costs and expenses, including attorneys' fees, regardless of the prevailing party, unless otherwise awarded by a court of competent jurisdiction.

**32. 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, unless Tenant exercises the Option to Purchase as set forth in Section 4.3 and 4.4. 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.

**32.1 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 Sections 4.3 and 4.4.

**32.2 Survival.** The provisions of this Section 32 shall survive the expiration or termination of this Lease.

**33. 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.

**34. Miscellaneous Provisions.**

**34.1 Entire Agreement.** This Lease sets forth the entire agreement of the Parties as to the subject matter hereof and supersedes all prior discussions and understandings between them.

**34.2 No Amendment of Development Agreement.** Landlord shall not assign nor amend the Development Agreement without the Tenant's prior written approval, which approval shall not be unreasonably withheld.

**34.3 No Joint Venture or Agency.** Nothing contained in this Lease nor any of the acts of the Parties hereto shall be construed nor is it the intent of the Parties, to create a joint venture or partnership between Landlord and Tenant, nor is either Party the agent or representative of the other, and nothing in this Lease shall be construed to create any such agency relationship or to hold either Party liable to anyone for goods delivered or services performed at the request of the other Party.

**34.4 Meanings of Words Not Specifically Defined/General Rules of Interpretation.** Words and phrases contained herein shall be construed according to the context and the approved usage of the English language, but technical words and phrases, and such others as have acquired a peculiar and appropriate meaning by law, or are defined in Section 1, are to be construed according to such technical, peculiar, and appropriate meaning or definition. Whenever the context requires, all words used in the singular will be construed to have been used in the plural, and vice versa, and each gender will include any other gender. As used in this Lease, the word "includes or "including" means including without limitation, the word "or" is not exclusive and the words "herein," "hereof," "hereto" and hereunder refer to this Lease as a whole. Unless the context otherwise requires, references herein: (a) to articles, paragraphs, sections and exhibits mean the articles, paragraphs, sections and exhibits which are part of this Lease as amended, supplemented or modified from time to time to the extent permitted by the provisions thereof and by this Lease, (b) to an agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented or modified from time to time to the extent permitted by the provisions thereof and by this Lease, and (c) to a statute means such statute as amended, supplemented or replaced from time to time. The exhibits, schedules, addenda, and attachments which are attached to this Lease are made a part of this Lease.

**34.5 Conflict of Interest; No Personal Liability.** No official or employee of Tenant shall have any personal interest, direct or indirect, in this Lease, nor shall any official or employee of Tenant participate in any decision relating to this Lease which affects such official's or employee's pecuniary interest in any corporation, partnership or association in which such official or employee is directly or indirectly interested. No official or employee of either Party shall be personally liable in the event of a breach of this Lease. Landlord shall within not less than ten (10) days after learning of any such conflict of interest or facts which reasonably

indicate that a conflict of interest may exist, notify Tenant thereof; provided, however, the failure of Landlord to make any such notification shall not be a breach or default of this Lease.

**34.6 No Third-Party Beneficiaries.** The Trustee shall be a third party beneficiary of the rights conferred to it under this Lease. Except as expressly set forth in this Lease, no parties other than Tenant, the Trustee and Landlord, and their respective successors and assigns, shall be a beneficiary of the rights conferred in this Lease, and no other party shall be deemed a third-party beneficiary of such rights.

**34.7 Exculpation of Certain Persons.** No individual board member, trustee, officer, director, shareholder, member, constituent partner, employee, or agent of any Party, in his or her individual capacity as such, shall have any personal liability for the performance of any obligation of such Party under this Lease solely by reason of such status.

**34.8 Performance Postponed.** Any performance required under this Lease on a day that is not a Business Day shall be postponed until the next Business Day.

**34.9 Quiet Enjoyment.** Landlord covenants that Tenant shall at all times during the term of this Lease peaceably and quietly have, hold and enjoy the use of the Premises.

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

**34.11 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.

**34.12 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.

**34.13 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.

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

**34.15 Notices.** All notices or requests required or permitted under this Lease shall be in writing, shall be (i) personally delivered, (ii) sent by certified or registered mail, return receipt requested, postage prepaid, (iii) by nationally recognized overnight courier and shall be deemed given when so delivered or received; or (iv) by electronic mail, provided that any notice of default must also be sent using one of the other forms of notice. All notices or requests to any Party shall be sent to all other Parties as follows:

If to Landlord:

Los Angeles County Facilities 2 Inc.  
c/o Public Facilities Group  
1700 Seventh Avenue  
Suite 2100, PMB 552  
Seattle, WA 98101  
Attention: John Finke  
Email: johnfinke@publicfacilitiesgroup.org

With a copy to:

Hillis Clark Martin & Peterson PS  
999 Third Avenue, Suite 4600  
Seattle, WA 98104  
Attention: Matthew W. Markovich  
Email: matt.markovich@hcmp.com

If to Tenant:

County of Los Angeles  
Chief Executive Office- Real Estate Division  
320 W. Temple St., 7<sup>th</sup> Floor  
Los Angeles, CA 90012  
Attention: Senior Manager

With copies to:

Office of the County Counsel  
County of Los Angeles  
500 West Temple St. 6th Floor  
Los Angeles, CA 90012-2932  
Attention: Behnaz Tashakorian

Chief Executive Office- Capital Projects  
County of Los Angeles  
500 West Temple St. Room 713  
Los Angeles, CA 90012  
Attention: Assistant Chief Executive Officer

Treasurer and Tax Collector- Public Finance  
County of Los Angeles  
500 West Temple St., Room 432  
Los Angeles, CA 90012  
Attention: Assistant Treasurer and Tax Collector

If to Trustee:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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 34.15. Any notice provided to Tenant in connection with the ordinary course of the development of the Project, including any request for Tenant’s Concurrence, Landlord shall also send electronic notice to the following email addresses (in addition to the addressees listed above): leaseacquisitions@ceo.lacounty.gov.

**34.16 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 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 Leasehold Mortgage, including Trustee or any purchaser at a trustee’s or sheriff’s sale of the Premises.

**34.17 Trustee.** Notwithstanding anything to the contrary herein, Landlord and Tenant agree 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.

**34.18 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.

**34.19 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.

**34.20 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 shall be recorded upon the Effective Date at no cost to the Tenant.

**34.21 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 in writing (a) to exclude any surplus portion of the Premises in accordance with Section 9.06 of the Indenture or (b) for any purpose permitted by the Indenture, the Leasehold Mortgage and the Ground Lease. Any amendment of this Lease must be in writing and executed by both Parties.

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

**34.23 Prevailing Wage.** Landlord shall require that the General Contractor and its subcontractors comply with the prevailing wage requirements and be subject to restrictions and penalties in accordance with Section 1770 of the California Labor Code which requires prevailing wages be paid to appropriate work classifications in all bid specifications and subcontracts. The Landlord shall require that the General Contractor furnish all subcontractors/employees a copy of the Department of Industrial Relations prevailing wage rates which Landlord will post at the job site. All prevailing wages shall be obtained by the Landlord/Contractor from the California Department of Industrial Relations, Division of Labor Statistics and Research.

Landlord shall require that the General Contractor comply with the payroll record keeping and availability requirement of Section 1776 of the Labor Code. In addition, Landlord shall require that the General Contractor make travel and subsistence payments to workers needed for performance of work in accordance with Section 1773.8 of the Labor Code. Prior to commencement of work, Landlord shall require that the General Contractor contact the Division of Apprenticeship Standards and comply with Sections 1777.5, 1777.6 and 1777.7 of the Labor Code and applicable regulations.

Landlord shall indemnify, hold harmless, and defend Tenant and shall be responsible for any fine, penalty or fee levied against the Premises arising out of any violations by Landlord of this Section 34.23.



**34.24 Authority.** Landlord and Tenant represent that they have authority to enter into this Lease. This Lease shall not be effective until approved of and signed by the Chief Executive Officer, or her designee.

**34.25 Recitals.** All Recitals set forth herein are hereby incorporated into this Lease. The Parties agree that the Recitals are true and correct and have the same force and effect as all other provisions contained 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 Force Majeure event. 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 a Force Majeure event, 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 Developer Obligation Date.** In the event that Substantial Completion of the Project is not achieved by the Developer Obligation Date, 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 7.2(b) thereof, with regard to the failure of the Developer to cause Substantial Completion of the Project to occur by the Developer Obligation Date. 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.

**36.2 Enforcement of the 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 that the General Contractor fails to achieve completion of construction of the Project by the date set forth in the Construction Contract. Amounts received from the General Contractor and available for payment of debt service on the Bonds shall be deposited with the Trustee as provided under the Indenture.

**37. Parking Covenant.** Landlord covenants, for the benefit of Tenant, to enter into an agreement with LACF, the ground lessee of the Garage, and Tenant, the fee owner of the land underlying the Site 1 Project which includes the Garage, pursuant to which Tenant (and its employees, subtenants and invitees) shall have the non-exclusive right to use (on the same basis as other users of the Garage) a minimum of six hundred (600) parking spaces in the Garage. Such agreement shall be in substantially the form set forth as Exhibit I hereto.

**38. County Policy Requirements.** Landlord shall comply with the following County policy requirements and also cause such policy requirements to be incorporated into all Construction Contracts for the Project.

**38.1 Employment.** The Parties shall not, in the implementation of this Lease and in design, development, operation, and use of the project, discriminate against any employee or applicant for employment on the basis of race, religion, sex, sexual orientation, age, physical handicap, or national origin and shall comply with all applicable provisions of federal, state and local law related to discrimination. Landlord shall take affirmative action to ensure that applicants are employed and that employees are treated during their employment without regard to their race, religion, sex, sexual orientation, age, physical handicap, or national origin, including without limitation employment, promotion, demotion or transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship.

**38.2 Rental or Sale.** Landlord shall refrain from restricting the rental, sale, or lease of the Premises, or any portion thereof, on the basis of sex, age, handicap, marital status, race, color, religion, creed, ancestry, or national origin of any person. All leases and contracts affecting the Premises or any portion thereof shall contain clauses expressly giving effect to this Section 38.

**38.3 Community Workforce Agreement.** Landlord shall comply with the Countywide Community Workforce Agreement approved and adopted by the County's Board of Supervisors on February 17, 2023, a copy of which is attached as Exhibit P, including but not limited to the Local and Targeted Worker Hiring Policy that is attached as Attachment D thereto.

**38.4 Civic Art.** Landlord shall comply with the County Art Policy, a copy of which is attached as Exhibit U.

**39. Pedestrian Skybridge Easement.** Landlord covenants, for the benefit of Tenant, to enter into an easement agreement with LACF, the ground lessee of the land underlying the Site 1 Project, and Tenant, as the fee owner of the land underlying the Site 1 Project and tenant of the Site 1 Project, for the construction and operation of the Pedestrian Skybridge. Such agreement shall be in substantially the form set forth as Exhibit V hereto.

**40. Permanent Utility Easement.** Tenant, as the fee owner of the land underlying the Site 1 Project, will grant a permanent easement along the boundary of the Site 1 Project adjacent to the Project to construct, install, repair and replace electrical utilities serving the Project. Such permanent easement shall be in substantially the form set forth as Exhibit W hereto.

**41. Utility License Agreement.** Landlord will enter into a license agreement with LACF and Tenant, as the fee owner of the land underlying the Site 1 Project, allowing the Project to temporarily access the Site 1 Project's electrical supply during the construction of the project. Such license agreement shall be in substantially the form set forth as Exhibit X hereto.

*[Signature pages follow]*

DATED the date first above written.

LANDLORD:

**LOS ANGELES COUNTY FACILITIES 2 INC.,**  
a California nonprofit public benefit corporation

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

Name: John Finke

Title: President

TENANT:

**COUNTY OF LOS ANGELES,**  
a body corporate and politic

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

Name: FESIA A. DAVENPORT

Title: Chief Executive Officer

ATTEST:

DEAN C. LOGAN  
Registrar-Recorder/County Clerk

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

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

Title: Deputy

APPROVED AS TO FORM:

DAWYN R. HARRISON  
County Counsel

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

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

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

**California Certificate of Acknowledgment**

[LANDLORD]

JURAT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California )  
County of Los Angeles )

Subscribed and sworn to (or affirmed) before me on this \_\_\_\_ day of \_\_\_\_\_, 2024,  
by \_\_\_\_\_, proved to me on the  
basis of satisfactory evidence to be the person(s) who appeared before me.

Signature: \_\_\_\_\_

Seal

**California Certificate of Acknowledgment**

[TENANT]

**JURAT**

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California )  
County of Los Angeles )

Subscribed and sworn to (or affirmed) before me on this \_\_\_\_ day of \_\_\_\_\_, 2024,  
by \_\_\_\_\_, proved to me on the  
basis of satisfactory evidence to be the person(s) who appeared before me.

Signature: \_\_\_\_\_

Seal

**EXHIBIT A**

**Land**

*HOA.104783092.2LACF2 - Los Angeles County Facilities Lease  
Exhibit A*

238359367.13  
227041-10001

**EXHIBIT B**

**SCHEDULE OF BASE RENT**

[**NOTE:** Base Rent is based upon the attached pro forma Bond Debt Service Schedule, which includes all debt service payments following bond closing.

Following the pricing of the Bonds and prior to execution of this Lease, a final Schedule of Base Rent as approved by Tenant will be attached hereto.]

The Base Rent specified in this Exhibit B shall be payable only from and after the Rent Commencement Date; accordingly, the Base Rent due on any date specified below (a “**Payment Date**”) shall in fact be due only if such Payment Date is on or after the Rent Commencement Date. If the Rent Commencement Date occurs on a date other than a Payment Date, then the Base Rent due on the next Payment Date shall be prorated based on the number of days from the Rent Commencement Date to such Payment Date.

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

[See attached.]



**EXHIBIT D-1**

**PROJECT SCHEDULE**

[See attached.]

**EXHIBIT D-2**

**PROJECT BUDGET**

[See attached.]

**EXHIBIT E**

**MEMORANDUM OF FACILITIES LEASE**

RECORDING REQUESTED BY:

WHEN RECORDED MAIL TO:

Hillis Clark Martin & Peterson P.S.  
Attention: Matthew W. Markovich  
999 Third Ave, Suite 4600  
Seattle, WA 98104

---

SPACE ABOVE THIS LINE RESERVED FOR RECORDER'S USE *ONLY*.

Assessor's Parcel Nos.

This instrument is exempt from recording fees (California Government Code Section 27383) and from Documentary Transfer Tax (California Revenue and Tax Code Section 11922).

**MEMORANDUM OF FACILITIES LEASE**

THIS MEMORANDUM OF FACILITIES LEASE (this "**Memorandum**") is dated for reference purposes \_\_\_\_\_, 2024 and is made by and between **LOS ANGELES COUNTY FACILITIES 2 INC.**, a California nonprofit public benefit corporation ("**Sublandlord**"), and **COUNTY OF LOS ANGELES**, a body corporate and politic ("**Subtenant**").

**1. Ground Lease.** Sublandlord is the lessee under that certain Ground Lease Agreement dated for reference purposes \_\_\_\_\_, 2024 (the "**Ground Lease**"), pursuant to which Sublandlord leases that certain real property located in the City of Los Angeles, County of Los Angeles, California ("**Land**"), more specifically described on the attached Exhibit A.

**2. Facilities Lease.** Sublandlord leases to Subtenant the Land including all improvements thereon (collectively, the "**Premises**"), at a rent and on the terms and conditions set forth in that certain Facilities Lease Agreement dated \_\_\_\_\_, 2024 (the "**Facilities Lease**") which is made part of this Memorandum as though fully set forth herein. The Facilities Lease is for a term commencing on the Effective Date and, unless such term is extended, shall expire on the earlier of (a) \_\_\_\_\_, 20\_\_ [**Final maturity date of the Bonds**], (b) the date that the Bonds are no longer Outstanding (as defined in that certain Indenture of Trust of even date herewith by and between Landlord and U.S. Bank Trust Company, National Association) and the Premises have been conveyed by Landlord to Tenant as set forth in the

*HOA.104783092.2LACF2 - Los Angeles County Facilities Lease  
Exhibit E*

applicable provisions of the Facilities Lease, or (c) the date on which the Facilities Lease terminates in accordance with its terms (any, as applicable, the “**Expiration Date**”).

Notwithstanding the foregoing, if on the Expiration Date of the Facilities Lease, the total Base Rent (as defined in the Facilities Lease) otherwise payable has not been fully paid as a result of an Abatement of Rent (as defined in the Facilities Lease) and the Bonds remain Outstanding, then, as provided in the Facilities Lease, the term of the Facilities Lease shall be extended until the total Base Rent otherwise payable thereunder shall be fully paid or such earlier time as the Bonds are no longer Outstanding; provided, however, that such extension shall not exceed ten (10) years.

**3. Option to Purchase.** Subtenant has the option to purchase the Sublandlord’s leasehold interest in the Land and its fee interest in the improvements thereon throughout the term of the Facilities Lease.

**4. Definition of Terms.** All capitalized terms not otherwise defined herein shall have the same meaning as set forth in the Facilities Lease.

**5. Purpose of Memorandum.** This Memorandum is prepared for purposes of recordation only and to provide constructive notice of the rights of Sublandlord and Subtenant under the Facilities Lease to all third parties, and does not set forth all of the terms and conditions set forth in the Facilities Lease. In the event there is any conflict between the terms and conditions of the Facilities Lease and this Memorandum, the Facilities Lease shall control.

DATED the date first above written.

LANDLORD:

**LOS ANGELES COUNTY FACILITIES 2 INC.,**  
a California nonprofit public benefit corporation

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

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

TENANT:

**COUNTY OF LOS ANGELES,**  
a body corporate and politic

\_\_\_\_\_

By \_\_\_\_\_

Name: FESIA A. DAVENPORT

Title: Chief Executive Officer

ATTEST:

DEAN C. LOGAN  
Registrar-Recorder/County Clerk

By \_\_\_\_\_

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

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

APPROVED AS TO FORM:

DAWYN R. HARRISON  
County Counsel

By \_\_\_\_\_

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

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

**California All-Purpose Acknowledgment**

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California )  
County of Los Angeles )

Subscribed and sworn to (or affirmed) before me on this \_\_\_\_ day of \_\_\_\_\_, 2024,  
by \_\_\_\_\_, proved to me on the  
basis of satisfactory evidence to be the person(s) who appeared before me.

Signature: \_\_\_\_\_ Seal

**California All-Purpose Acknowledgment**

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California )  
County of Los Angeles )

Subscribed and sworn to (or affirmed) before me on this \_\_\_\_ day of \_\_\_\_\_, 2024,  
by \_\_\_\_\_, proved to me on the  
basis of satisfactory evidence to be the person(s) who appeared before me.

Signature: \_\_\_\_\_ Seal

**California All-Purpose Acknowledgment**

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California )  
County of Los Angeles )

Subscribed and sworn to (or affirmed) before me on this \_\_\_\_ day of \_\_\_\_\_, 2024,  
by \_\_\_\_\_, proved to me on the  
basis of satisfactory evidence to be the person(s) who appeared before me.

Signature: \_\_\_\_\_ Seal



**(MEMORANDUM OF FACILITIES LEASE - EXHIBIT A**

**LEGAL DESCRIPTION**

*HOA.104783092.2LACF2 - Los Angeles County Facilities Lease  
Exhibit E*

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227041-10001

## **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 have the option 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 (15) days of notice of the desire to mediate and shall thereafter attend the mediation in good faith. If the Parties cannot agree on the mediator, each party shall select a mediator with at least five (5) years-experience in lease and construction related mediation and the two mediators will in turn select the mediator. 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 or to bypass the mediation process and directly pursue remedies in law or equity.

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**

To: Landlord

You are hereby notified that **COUNTY OF LOS ANGELES** (“**Tenant**”) has elected to exercise on \_\_\_\_\_, 20\_\_ its option to purchase the Land and the Project to be constructed thereon (“**Premises**”) currently leased by Tenant pursuant to the Facilities Lease Agreement (“**Lease**”) by and between Tenant and Landlord dated for reference purposes as of \_\_\_\_\_, 2024. This purchase option is being exercised pursuant to Section 4.3 of the Lease. Tenant is now, and on the date set forth above for payment will be, in full compliance with all terms and conditions of the Lease. Pursuant to Section 4.3(b) of the Lease, within fifteen (15) days of this notice, Landlord is to provide Tenant with an accounting of the amounts necessary to complete the purchase on the exercise date set forth above.

TENANT:

COUNTY OF LOS ANGELES,  
a body corporate and politic

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

Name: FESIA A. DAVENPORT

Title: Chief Executive Officer

ATTEST:

DEAN C. LOGAN

Registrar-Recorder/County Clerk

By \_\_\_\_\_

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

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

APPROVED AS TO FORM:

DAWYN R. HARRISON

County Counsel

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

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

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

**EXHIBIT H**  
**FORM OF NOTICE OF ELECTION  
TO  
PARTIALLY PREPAY BASE RENT**

To: Landlord

You are hereby notified that COUNTY OF LOS ANGELES (“**Tenant**”) has elected to exercise its option to prepay a portion of the Base Rent due under that certain Facilities Lease Agreement (the “**Lease**”) by and between Tenant and LOS ANGELES COUNTY FACILITIES 2 INC., a California nonprofit public benefit corporation (“**Landlord**”) dated for reference purposes as of \_\_\_\_\_, 2024 by causing Bonds [to be redeemed in accordance with Section 3.01 of the Indenture][to be defeased in accordance with Article X of the Indenture]. In accordance with Section 4.3(c) of the Lease, the date of prepayment shall be \_\_\_\_\_, 20\_\_ and the principal components of Base Rent to be prepaid on such date are \_\_\_\_\_, representing the maturities (or portions thereof) set forth below. By 10:00 a.m. Pacific Time on such date, Tenant shall pay to Trustee in cash or same-day available funds, an amount equal to the principal components of Base Rent to be prepaid, together with interest thereon sufficient to optionally redeem or defease such Bonds in accordance with the Indenture, together with any other amounts payable under the Lease on such date. In accordance with that certain Indenture of Trust dated for reference purposes as of \_\_\_\_\_, 2024 between Landlord and U.S. Bank Trust Company, N.A., as Trustee, (the “**Indenture**”) Landlord shall direct Trustee to take all actions required to [cause an optional redemption of the Bonds][cause a defeasance of the Bonds] in principal amounts and maturities corresponding to the principal components of Base Rent set forth below.

TENANT:

COUNTY OF LOS ANGELES,  
a body corporate and politic

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

Name: FESIA A. DAVENPORT

Title: Chief Executive Officer

ATTEST:

DEAN C. LOGAN

Registrar-Recorder/County Clerk

By \_\_\_\_\_

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

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

APPROVED AS TO FORM:

DAWYN R. HARRISON

County Counsel

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

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

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

**Schedule of Principal Components of Base Rent  
to Be Prepaid and Bonds to Be Redeemed or Defeased**

Date Principal Component (of Base Rent) Due	Amount of Principal Component to be Prepaid and Bonds to be Redeemed*	Amount of Principal Component to be Prepaid and Bonds to be Defeased*
--	--	--

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\*Principal may be prepaid only in increments of \$5,000.00.

**EXHIBIT I**  
**PARKING COVENANT**

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Exhibit I*

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**EXHIBIT J**

**PERMITTED EXCEPTIONS- SUBLEASEHOLD TITLE POLICY**

## EXHIBIT K

### MINIMUM INSURANCE REQUIREMENTS FOR LANDLORD

[Under review by County's Risk Management Team.]

#### I. WAIVER

Both Landlord and Tenant agree to release the other and waive their rights of recovery against the other for damage to their respective property arising from perils insured in the Causes-of-Loss Special Form (ISO form CP 10 30).

#### II. GENERAL INSURANCE PROVISIONS - LANDLORD REQUIREMENTS

Without limiting Landlord's indemnification of Tenant, and during the Term and until all of Landlord's obligations pursuant to this Lease have been met, Landlord shall provide and maintain at its own expense insurance coverage satisfying the requirements specified in this Lease (the "**Required Insurance**"). Tenant in no way warrants that the Required Insurance is sufficient to protect Landlord for liabilities which may arise from or relate to this Lease.

1. Evidence of Coverage and Notice to Tenant. Certificate(s) of insurance coverage (each an "**Insurance Certificate**") satisfactory to Tenant and a copy of an Additional Insured endorsement confirming that the Indemnified Tenant Parties have been given Insured status under Landlord's General Liability policy, shall be delivered to Tenant at the address set forth in Section 1.4 of this Exhibit K, prior to the Effective Date.

1.1. Renewal Insurance Certificates shall be provided to Tenant not less than ten (10) days prior to Landlord's policy expiration dates. Tenant reserves the right to obtain complete, certified copies of any Required Insurance policies at any time.

1.2. Each Insurance Certificate shall identify all Required Insurance coverage types and limits, reference this Lease by name or number, and be signed by an authorized representative of the insurer(s). The Insured party named on the Insurance Certificate shall be Landlord. Each Insurance Certificates shall provide the full name of each insurer providing coverage, its NAIC (National Association of Insurance Commissioners) identification number, its financial rating, the amounts of any policy deductibles or self-insured retentions exceeding twenty-five thousand (\$25,000.00) dollars, and list any Tenant required endorsement forms.

1.3. Neither Tenant's failure to obtain, nor Tenant's receipt of, or failure to object to a non-complying Insurance Certificate or endorsement, or any other insurance documentation or information provided by Landlord, its insurance broker(s) and/or insurer(s), shall be construed as a waiver of any of the Required Insurance provisions.

1.4. Insurance Certificates and copies of any required endorsements, notices of cancellation shall be delivered to:

County of Los Angeles  
Chief Executive Office  
Real Estate Division  
320 West Temple Street, 7th Floor  
Los Angeles, CA 90012  
Attention: Senior Manager

2. Claims Notice. Landlord shall promptly notify Tenant of any third party claim or suit filed against Landlord which arises from or relates to this Lease, and could result in the filing of a claim or lawsuit against Landlord and/or Tenant.

3. Additional Insured Status and Scope of Coverage. Indemnified Tenant Parties, shall be provided additional insured status under Landlord's General Liability policy with respect to liability arising from or connected with Landlord's acts, errors, and omissions arising from and/or relating to Landlord's operations on and/or its use of the Premises and/or Project. Indemnified Tenant Parties' additional insured status shall apply with respect to liability and defense of suits arising out of the Landlord's acts or omissions, whether such liability is attributable to Landlord or to Indemnified Tenant Parties. The full policy limits and scope of protection also shall apply to Indemnified Tenant Parties as an additional insured, even if they exceed the Landlord's minimum Required Insurance. Use of an automatic additional insured endorsement form is acceptable providing it satisfies the Required Insurance provisions.

4. Cancellation of or Changes in Insurance. Landlord shall provide Tenant with, or Landlord's insurance policies shall contain a provision that Tenant shall receive, written notice of cancellation or any change in Required Insurance, including insurer, limits of coverage, term of coverage or policy period. The written notice shall be provided to Tenant at least ten (10) days in advance of cancellation for non-payment of premium and thirty (30) days in advance for any other cancellation or policy change. Failure to provide written notice of cancellation or any change in Required Insurance shall an Event of Default by Landlord.

5. Failure to Maintain Required Insurance. Landlord's failure to maintain or to provide acceptable evidence that it maintains the Required Insurance shall constitute an Event of Default by Landlord. Tenant, at its sole discretion, may obtain damages from Landlord resulting from Landlord's failure to maintain Required Insurance, and/or Tenant may elect to purchase the Required Insurance without further notice to Landlord, and Landlord shall promptly reimburse Tenant's expense of such purchase.

6. Insurer Financial Ratings. Required Insurance is to be provided by an insurance company authorized to do business in the State of California and acceptable to Tenant, with an A.M. Best rating of not less than A:VII, unless otherwise approved by Tenant.

7. Landlord's Insurance Shall Be Primary. Landlord's insurance policies, with respect to any claims related to this Lease, shall be primary with respect to all other sources of

coverage available to Tenant. Any Tenant maintained insurance or self-insurance coverage shall be in excess of and not contribute to any Landlord coverage.

8. Waiver of Subrogation. To the fullest extent permitted by law, Landlord waives its and its insurer(s) rights of recovery against Tenant under all Required Insurance policies for any loss arising from or related to this Lease. Landlord shall require its insurers to execute any waiver of subrogation endorsements which may be necessary to affect such waiver.

9. Deductibles and Self-Insured Retentions. Landlord's policies shall not obligate Tenant to pay any portion of any Landlord's deductible or Self-Insured Retentions ("SIR"). Tenant retains the right to require Landlord to reduce or eliminate policy deductibles and SIRs with respect to Tenant, or to provide a bond guaranteeing Landlord's payment of all deductibles and SIRs, including all related claims investigation, administration and defense expenses. Such bond shall be executed by a corporate surety licensed to transact business in the State of California.

10. Claims Made Coverage. If any part of the Required Insurance is written on a claims made basis, any policy retroactive date shall precede the Effective Date, and Landlord shall maintain such coverage for a period of not less than three (3) years following the end of the Term.

11. Application of Excess Liability Coverage. Landlord may use a combination of primary and excess insurance policies that provide coverage as broad as ("follow form" over) the underlying primary policies, to satisfy the Required Insurance provisions.

12. Separation of Insureds. All liability policies shall provide cross-liability coverage as would be afforded by the standard ISO (Insurance Services Office, Inc.) separation of insureds provision with no insured versus insured exclusions or limitations.

13. Landlord Review and Approval of Required Insurance. Tenant reserves the right to review and adjust the Required Insurance provisions, conditioned upon Tenant's determination of changes in risk exposures.

### **III. INSURANCE COVERAGE TYPES AND LIMITS**

1. Landlord Requirements (After Rent Commencement Date). After the Rent Commencement Date, Landlord shall provide and maintain the following programs of insurance coverage:

1.1. Commercial General Liability Insurance. Commercial General Liability Insurance providing scope of coverage equivalent to ISO policy form CG 00 01, naming Indemnified Tenant Parties as additional insureds, with limits of not less than:

General Aggregate:	\$ 10 million
Products/Completed Operations Aggregate:	\$ 10 million
Personal and Advertising Injury:	\$ 5 million
Each Occurrence:	\$ 5 million

1.2. Commercial Property Insurance. Such coverage shall:

1.2.1 Provide coverage for Landlord's property and any improvements and betterments; this coverage shall be at least as broad as that provided by the Causes-of-Loss Special Form (ISO form CP 10 30), excluding earthquake and including flood and ordinance or law coverage.

1.2.2 Be written for the full replacement cost of the Project, with a deductible no greater than two hundred fifty thousand dollars (\$250,000) or five percent (5%) of the Project's value, whichever is less. Insurance proceeds shall be payable to the Landlord and the Tenant as their interests may appear.

2. Landlord Requirements (Prior to the Rent Commencement Date). Prior to the Rent Commencement Date, Landlord shall provide and maintain the following programs of insurance coverage as specified in Exhibit G to the Development Agreement.

**EXHIBIT L**

**PROPERTY MANAGEMENT CONTRACT REQUIREMENTS**

NOTE: The property management contract for the Project shall be subject to such reasonable requirements as may be proposed by Tenant in a written notification to Landlord delivered not later than [\_\_\_\_\_, 20\_\_], which requirements shall be subject to Landlord's approval, such approval shall not be unreasonably denied or delayed.

The property management agreement must automatically terminate when the Bonds are no longer Outstanding.

## EXHIBIT M

### JANITORIAL SERVICES CONTRACT REQUIREMENTS

1. Background checks shall be performed, in a manner specified by Tenant, of all qualified permanent and temporary employees.
2. Provide all required services and supplies.
3. Perform (daily) services five days a week during the hours of 5:00 p.m. to 1:00 a.m. only.
4. Provide and replace all light tubes and light bulbs using only those types of tubes and bulbs that are energy efficient as indicated by manufacturer. Fixture reflectors shall be wiped clean with each re-lamping.
5. Landlord and custodial staff shall be responsible for key control. Issuing keys to workers, collecting said keys at shift end and retrieving keys at the end of custodian's employment.
6. Where Landlord is required to empty trash, such trash will be removed from the Office Building and deposited in the dumpster.
7. Graffiti expunged as needed but no later than two working days after notice to Landlord.
8. Sidewalks, driveway, parking area and all means of access and egress should at a minimum be maintained in good repair, clean and safe condition at all times.
9. All lawns, shrubbery and foliage on the grounds of the Project at a minimum should be maintained in good condition and neat in appearance. Grass and shrubbery must be planted as needed to maintain the grounds in good appearance and condition.
10. The contract must terminate immediately when the Bonds are no longer Outstanding.
11. **SPECIFIC SERVICES** – Frequency and coverage:

A. **Daily:**

1. Rest Rooms:

Empty all trash containers, refill dispensers, damp mop floors, clean, sanitize and polish all plumbing fixtures, chrome fittings, flush rings, drain and overflow outlets, clean and polish mirrors, clean wall adjacent to hand basins/urinals, dust metal partitions, remove finger prints from walls, switches, etc.

2. Lobby Area – Main Corridors – Stairways:

Remove trash, vacuum, vacuum/damp mop tile, clean lobby and entrance doors, clean and sanitize drinking fountains.

3. Employee Break Rooms/Kitchen:

Remove trash, vacuum rugs and carpet, wipe spills, mop tile floor, remove fingerprints from doors, light switches, etc., and refill dispensers.

4. General and Private Areas:

Remove trash, vacuum carpets, mop tile floors, spot clean interior partition glass (including removing finger prints), clean counter tops and blackboards, dust desks and desk accessories (papers and folders left on desks are not to be moved), conference tables, credenza/file cabinets, bookcases and other office furniture. Return chairs and waste baskets to proper position

5. Building Security:

- a. Turn off all lights (except security and night lights).
- b. Close windows.
- c. Reset alarms and lock all doors.

**B. Weekly – All Areas:**

Polish buff hard resilient floors in traffic areas, spot clean carpeted areas.

Dust all high and low horizontal surfaces, including sills, ledges, moldings, baseboards, shelves, locker tops, frames and file cabinets, damp wipe plastic and leather furniture.

Remove fingerprints from doors, elevator walls and controls, frames and light switches in office areas, clean and polish bright metal to 70” height, clean and sanitize waste containers in rest rooms and break rooms.

**C. Monthly – All Areas:**

Clean interior glass partitions/doors, dry dust wood paneling, remove dust/cobwebs from ceiling areas.

(Spray buff resilient/hard floor areas), detail vacuum carpet edges, under desk/office furniture.

Vacuum upholstered furniture, wipe plastic and leather furniture.



Dust picture moldings and frames.

Vacuum hall vents and ceiling vents

**D. Quarterly – All Areas:**

Spray buff resilient and hard surface floors and apply floor finish.

Clean interior/exterior windows, clean/polish office furniture, damp clean diffuser outlets in ceiling/wall, wash waste containers, clean/dust blinds, wash sanitize.

Light fixtures cleaned and dusted

**E. Semi-Annually – All Areas:**

1. All Areas:

- a. Clean and polish all baseboards.
- b. Damp clean lobby and reception chairs.
- c. Clean carpeted surfaces-use a water extraction method.

2. Wash windows as required inside and outside but not less frequently than twice annually

**F. Annually – All Areas:**

1. All resilient and hard surface floors:

- a. Move furniture, strip, seal and apply floor finish to all resilient and hard surface floors.
- b. Clean carpets

**EXHIBIT N**  
**FINANCED FF&E**

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*Exhibit N*

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**EXHIBIT O**  
**DEVELOPMENT AGREEMENT**

*HOA.104783092.2LACF2 - Los Angeles County Facilities Lease  
Exhibit O*

238359367.13  
227041-10001

**DEVELOPMENT AGREEMENT**

**Between**

**LOS ANGELES COUNTY FACILITIES 2 INC.  
a California nonprofit public benefit corporation**

**and**

**TC LA DEVELOPMENT, INC.  
a Delaware corporation**

**Dated as of \_\_\_\_\_, 2024**

**Vermont Corridor Site 2  
Los Angeles, California**

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## DEVELOPMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT (this “**Agreement**”) is dated for reference purposes as of \_\_\_\_\_ and is by and between LOS ANGELES COUNTY FACILITIES 2 INC., a California nonprofit public benefit corporation (“**Owner**”), and TC LA DEVELOPMENT, INC., a Delaware corporation (“**Developer**”). Owner and Developer are each occasionally referred to herein as a “**Party**” or collectively as the “**Parties**.”

### RECITALS

**A.** Owner is the tenant under that certain Ground Lease dated for reference purposes as of [\_\_\_\_\_] , 2024 (the “**Ground Lease**”), in which the County of Los Angeles a public body, corporate and politic (“**County**” or “**Tenant**”), a political subdivision of the State of California, is the landlord and pursuant to which Owner leases that certain real property in the City of Los Angeles, County of Los Angeles, California, the address of which is 550 South Vermont Avenue and 3175 West 6th Street and which is legally described on the attached Exhibit A (collectively, the “**Premises**” or the “**Land**”).

**B.** Pursuant to California Government Code Sections 25351 and 25536(c), Owner desires to design, develop, permit, and construct improvements and install furniture, fixtures and equipment on the Land consisting of (i) renovation and expansion of the existing office building comprised of (a) approximately 154,793 gross square feet of existing space renovated to Class A office space, including two ground floor retail spaces of approximately 1,000 square feet each, (b) an extension of the existing building floorplates to include an additional approximately 88,340 gross square feet of new Class A office space, for a total of approximately 243,133 gross square feet of Class A office space, (c) approximately 12,050 gross square feet of renovated subterranean back-of-house support space, and (d) an elevated pedestrian walkway connecting the existing office building to the terrace level of the neighboring office building commonly known as 510 South Vermont Avenue ((a), (b), (c), and (d) collectively, the “**Office Building**”), (ii) installation of approximately 10 surface parking spots (“**Surface Parking Spaces**”) and landscaping located on the Land, and (iii) demolition of the existing 52,000 square foot former Department of Workforce Development, Aging and Community Services headquarters and adjacent two-story parking structure located on the Land, all to serve as office space and related ancillary facilities for various County departments, commissions and staff (collectively, the “**Project**”). The Project shall be delivered to Tenant in Turnkey Condition as defined in Section 1.

**C.** Owner, as sublandlord, and County, as subtenant, are parties to that certain Facilities Lease Agreement of even date herewith (the “**Facilities Lease**”), whereby Owner has agreed to lease the Land, the Office Building, the Surface Parking Spaces, landscaping and such other improvements as may be located on the Land from time to time, upon substantial completion of the Project, at the rent and subject to all of the terms, covenants and conditions set forth in the Facilities Lease, a copy of which is attached hereto as Exhibit B.

**D.** Owner desires to retain Developer to develop, oversee and manage the design, permitting, construction, furnishing and equipping phases of the Project in accordance with the terms and conditions of this Agreement. Developer desires to perform development and

construction management services in connection with the construction of the Project in accordance with the terms and conditions of this Agreement. Subject to the terms and conditions of this Agreement, Developer warrants to achieve Substantial Completion (defined in Section 1) of the Project no later than the Developer Obligation Date (defined in Section 1) and for a total price not to exceed the Fixed Price (defined in Section 1).

**E.** Developer will not perform design or construction services. The Parties intend for Owner to contract directly and separately with (i) the General Contractor to construct the Project and (ii) the Architect and such other Contractors or consultants who may be engaged to perform discrete elements of design or construction work on the Project to the extent not covered by the General Construction Contract. If, during the performance of this Agreement, additional construction service contractors are retained, the Owner will contract with them directly or Developer will contract with them on behalf of and acting as the Owner's authorized representative.

**F.** Owner anticipates that financing for the Project will be obtained through the issuance of Bonds (defined in Section 1). Upon payment in full of the Bonds (and/or other circumstances set forth in the Ground Lease), Owner will convey the Project to County for no additional consideration.

NOW, THEREFORE, in order to fulfill the foregoing objectives, Owner and Developer desire to enter into this Agreement and proceed in accordance with its terms.

**1. Definitions.** As used herein, the following terms shall have the following meanings:

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

**“Agreement”** has the meaning set forth in the Preamble.

**“Architect”** means M. Arthur Gensler Jr. & Associates, Inc., a California corporation, or another qualified architect proposed by Developer and approved by Owner.

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

**“Bonds”** means those tax-exempt or taxable obligations to be issued by Owner for design, permitting, construction, furnishing and equipping of the Project pursuant to the Indenture. The tax-exempt Bonds shall satisfy the requirements of Internal Revenue Service Revenue Ruling 63-20, as amended and updated by Internal Revenue Service Revenue Procedure 82-26, and other regulations, interpretations and letter rulings issued by the Internal Revenue Service with respect to such financings. From the proceeds of such Bonds, Owner intends to pay all costs associated with the Ground Lease, the development of the Project for the Fixed Price, all costs of issuing the Bonds, and capitalized interest during the construction period.

**“Business Day”** means a day (i) other than a day on which banks located in the State of California, the City of New York, New York, or the city in which the Corporate Trust Office of

the Trustee is located are required or authorized to close and (ii) on which the New York Stock Exchange is not closed.

**“Civic Art”** means art to be installed in accordance with the County’s arts policy and the Construction Documents.

**“Commencement of Construction”** means the date Developer or Owner executes and delivers a Notice to Proceed to General Contractor.

**“Condemnation”** has the meaning set forth in Section 21.2(b).

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

**“Construction Documents”** means the Construction Drawings and Detailed Specifications approved, in writing, by Owner 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.

**“Construction Drawings”** means, collectively, the 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, all of which shall be consistent with the Project Requirements.

**“Contract Documents”** means the Construction Documents, the Construction Contracts and the other documents identified as Contract Documents in the General Construction Contract, copies of which shall be provided to Tenant.

**“Contractors”** means the General Contractor and any other construction contractors and design-builders with whom Owner enters into direct contracts upon the written recommendation of Developer, or with whom Developer on behalf of and acting as the Owner’s authorized representative, enters into contracts. The General Contractor shall be subject to Tenant’s Concurrence.

**“Costs Resulting from Owner-Caused Delay”** means any increase in costs of constructing the Project to the extent resulting from Owner-Caused Delay. Where additional costs are incurred as a result of a combination of Owner-Caused Delay and any other factor causing delay (whether caused by Developer, Contractor, a third-party, or by anyone or anything else), Costs Resulting From Owner-Caused Delay shall be only the portion of such costs fairly attributable to Owner-Caused Delay.

**“County”** has the meaning set forth in Recital A.

**“Deed of Trust”** has the meaning set forth in Section 16.4(b).

**“Design Development Drawings”** means drawings that are a consistent development of the Schematic Drawings and further define and describe all important aspects of the Project. The Design Development Drawings will serve as the basis for the Construction Drawings.

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

**“Developer”** has the meaning set forth in the Preamble, together with any successors and assigns permitted under this Agreement.

**“Developer Obligation Date”** means [\_\_\_\_\_, 202\_]. The Developer Obligation Date shall be extended for any delays resulting from the following: the extent (i) Bond Closing has not occurred on or before [\_\_\_\_\_] , 2024, (ii) Owner has not issued its Notice to Proceed on or before [\_\_\_\_\_] , 2024, (iii) of Owner-Caused Delays, or (iv) of Unavoidable Delays; provided, however, extensions due to Unavoidable Delays shall not exceed ninety (90) days. Notwithstanding the foregoing, if, the Unavoidable Delay is a direct and unavoidable result of either (1) a casualty or condemnation subject to Section 21 or (2) the discovery of Hazardous Substances beneath the surface of the Premises, which existed but were unknown (or the location or extent of which were unknown based on the information in Developer’s possession as of the Effective Date) to Developer as of the Effective Date, then the ninety (90) day limitation set forth in the immediately preceding sentence shall not apply.

**“Developer’s Fee”** means the fee to be paid to Developer pursuant to Section 11.1 and subject to the terms and conditions set forth in Sections 7.2, 11 and 12.

**“Effective Date”** means the date that this Agreement is fully executed, acknowledged and delivered by Owner and Developer.

**“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.

**“Event of Default”** has the meanings set forth in Sections 23.2 and 23.3.

**“Excess Liquidated Damages”** has the meaning set forth in Section 7.2(d).

**“Facilities Lease”** means the Facilities Lease Agreement to be executed between Owner and Tenant for occupancy of the Premises, in the form attached hereto as Exhibit B.

**“Final Acceptance”** means the Owner’s written approval and concurrence that certain events, more fully defined in Section 12.4, have occurred prior to Final Payment being made.

**“Final Payment”** means payment to the Developer, the Architect, the General Contractor, and any other Contractors, by Owner following Final Acceptance of the Project pursuant to Section 12.

**“Financed FF&E”** means furniture, fixtures, equipment and movable property as set forth on Exhibit J, the costs of which will (i) be included in Project Costs, but only to the extent of the Financed FF&E Allowance set forth in the approved Project Budget, and (ii) financed through the Bonds. Any cost of furniture, fixtures, equipment, and movable property that is in excess of the Financed FF&E Allowance set forth in the approved Project Budget shall not be part of the Fixed Price. The Financed FF&E will be designed, provided and installed as set forth on Exhibit J.

**“Financed FF&E Allowance”** means the amount of [\_\_\_\_\_]  
dollars (\$\_\_\_\_\_)], as set forth in the Project Budget for the Financed FF&E. Any costs of Financed FF&E in excess of the Financed FF&E Allowance shall be deemed to be an Other Owner Cost.

**“Financing Costs”** means all financing costs approved by bond counsel and County in connection with the issuance of the Bonds.

**“Fixed Price”** means an amount not to exceed [\_\_\_\_\_]  
dollars (\$\_\_\_\_\_)], the total amount to be paid by Owner for Project Costs. A detailed description of Project Costs by line item and category is set forth in the Project Budget.

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

**“General Contractor”** means Snyder Langston, L.P., the anticipated general contractor for the Project, or another qualified general contractor proposed by Developer and approved by Owner.

**“Ground Lease”** has the meaning set forth in Recital A.

**“Guaranteed Maximum Construction Price”** means the maximum cost for construction of the Project, as guaranteed by the General Contractor pursuant to the terms of the General Construction Contract.

**“Hazardous Substances”** means the following: (a) petroleum, any petroleum by-products, waste oil, crude oil or natural gas; (b) any material, waste or substance that is or contains asbestos or polychlorinated biphenyls, or is radioactive; any medical waste; and (c) any substance, product, waste or other material of any nature whatsoever which is or becomes defined, listed or regulated as a “hazardous substance,” “hazardous material,” “hazardous

waste,” “toxic substance,” “solid waste,” “radioactive material,” or similarly defined substance pursuant to any Applicable Laws, including the Comprehensive Environmental Response Compensation and Liability Act of 1980, as amended, 42 U.S.C. §§ 9601 *et seq.*; the Hazardous Materials Transportation Act, 49 U.S.C. §§ 1801 *et seq.*; the Resource Conservation and Recovery Act, 42 U.S.C. §§ 6901 *et seq.*; the California Health & Safety Code and all other analogous State of California and local statutes, ordinances and regulations, including, without limitation, any dealing with underground storage tanks; provided, however, “Hazardous Substances” shall not include any of the foregoing materials or substances described above that are of the types and in quantities customarily used in the ordinary course of construction, occupancy or operation of office buildings similar to the Project, including, without limitation, in the ordinary course of delivering medical care in accordance with generally accepted standard practices, consisting of (i) office, cleaning, building maintenance, and construction materials and supplies used in reasonable quantities and in the ordinary course of the construction, occupancy or operation of the Project, and (ii) gasoline or diesel fuel in the tanks of automobiles and other machines located on the Premises (whether during construction or otherwise); but only so long as, in the case of (i) and (ii), they are always stored, maintained, used and disposed of in compliance with all Applicable Laws.

**“Indemnification Claim Notice”** has the meaning set forth in Section 15.3.

**“Indemnified Party”** has the meaning set forth in Section 15.3.

**“Indemnifying Party”** has the meaning set forth in Section 15.3.

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

**“Initial Draw”** means Developer’s first application for payment of Project Costs, which shall not occur before Bond Closing.

**“Laws”** means all of the following, even if unforeseen or extraordinary, to the extent affecting any of, (a) Owner, its members, owners, shareholders, officers, employees, contractors, consultants, agents, customers, guests, or invitees, (b) Tenant, its board members, officers, employees, contractors, consultants, agents, customers, guests, or invitees, (c) Developer, its members, owners, shareholders, officers, employees, contractors, consultants, agents, customers, guests, or invitees, (d) Trustee, its members, owners, shareholders, officers, employees, contractors, consultants, agents, customers, guests, or invitees, (e) all or any portion of the Premises, or (f) the use, occupancy, possession, construction, operation, maintenance, improvement, alteration, repair, or restoration of any portion of the Project: (x) all present and future laws, statutes, requirements, ordinances, orders, judgments, regulations, resolutions, covenants, restrictions, or administrative or judicial determinations of every governmental authority and of every court or agency claiming jurisdiction over Owner, Tenant, Developer, Trustee, the Project, or the Premises or matters set forth in clauses (a) through (f), above, whether enacted or in effect as of the Effective Date or thereafter, including, but not limited to, California Labor Code §§ 1720 *et seq.*, environmental laws, zoning laws, building codes and regulations and those laws relating to accessibility to, usability by, and discrimination against,

disabled individuals; and (y) all covenants, restrictions, and conditions of record affecting the Premises from time to time.

“**LEED**” has the meaning set forth in Section 4.7.

“**Liabilities**” has the meaning set forth in Section 15.1.

“**LTWH**” has the meaning set forth in Section 7.4(e)(1).

“**Monthly Carrying Costs**” has the meaning set forth in Section 7.2(b).

“**Notice to Proceed**” means the notice to be delivered by Owner to Developer, at or following the Bond Closing and the execution of all Construction Contracts, whereby Owner authorizes the Commencement of Construction.

“**Other Owner Costs**” means all costs that are explicitly stated in this Agreement to be the responsibility of Owner or Tenant or are stated not to be the responsibility of Developer. Other Owner Costs shall include, without limitation, Tenant’s Personal Property and any taxes thereon; any costs of Financed FF&E in excess of the Financed FF&E Allowance; Procured FF&E (if any); the premium for the policy of builder’s risk insurance for the Project (and any deductible thereunder) that is procured by Owner; Financing Costs and any other costs associated with the Bonds; costs for the Ground Lease; title, escrow and recording costs); debt service on the Bonds; attorneys’ fees and costs incurred by Owner or Tenant; property taxes and assessments of any nature with respect to the Premises or any improvements located on the Premises; costs associated with any licensee, subtenant or other occupant of the Premises; expenses resulting from Owner-Caused Delays or Unavoidable Delays (including, without limitation, expenses incurred in connection with a casualty, and including, without limitation, environmental clean-up costs exceeding the line item allowance amount for environmental clean-up set forth in the Project Budget attached as Exhibit D) except as otherwise provided in Section 7.2; consulting fees for any consultants engaged by Owner, Tenant or Trustee as permitted under Section 9.3; and costs associated with any lawsuit, claim or other action pending or threatened against Owner or Tenant, except as otherwise provided in Sections 13, 15 and 24. Other Owner Costs are not part of the Fixed Price; provided, however, the costs associated with Other Owner Costs that are managed by Developer shall be added to the Project Costs for purposes of calculating the Developer’s Fee.

“**Overhead Allowance**” means the overhead allowance to be paid to Developer in accordance with the provisions of Section 11.2.

“**Owner**” has the meaning set forth in the Preamble together with its successors and permitted assigns in accordance with the Ground Lease and Facilities Lease.

“**Owner’s Representative**” has the meaning set forth in Section 17.2.

“**Owner’s Warranty Claim**” has the meaning set forth in Section 13(h).

“**Owner-Caused Delay**” means any period of delay in the overall progress of design, construction, and completion of the Project, including Tenant Improvements, to the extent



caused by (i) Owner-initiated change orders to the General Construction Contract, (ii) Owner-initiated changes to the Construction Documents, (iii) Owner's failure to approve, disapprove, decide, or otherwise respond to Developer with respect to a particular item for which Owner's response is required hereunder or under the General Construction Contract, or failure to deliver plans, information, specifications, or other information within the time frames required under this Agreement or the General Construction Contract (if Owner's failure to approve, disapprove, decide, or otherwise respond to Developer with respect to a particular item for which Owner's response is required is not a deemed approval under this Agreement), (iv) Owner's failure to timely fund Project Costs or Other Owner Costs, or (v) Tenant's intentional interference with work being performed under the General Construction Contract. However, Owner-Caused Delay shall not include: (a) delay to the extent caused by Developer's failure to provide, within the time frames allowed hereunder, draw requests, architect's certifications, progress completion certifications, copies of change orders and supporting documentation, shop drawings, schedules, costs, invoices, job progress reports, or other documents or information which Owner is entitled to receive hereunder or which is reasonably requested by Owner in connection with any such decision or response, or (b) delay to the extent caused by the existence of reasonable cause to suspect that construction of the Project or any other services provided by Developer have not been performed in accordance with Construction Documents and other requirements hereunder, in which case Owner-Caused Delay shall not include the amount of additional time reasonably needed by Owner to determine whether such construction or other services conform to all requirements hereunder, so long as Owner proceeds with all reasonable diligence to make such determination. To facilitate timeliness in Owner's communications with Developer over matters relating to design or construction of the Project and to minimize the possibility of Owner-Caused Delay, Developer shall alert Owner to deadlines for approvals, decisions or other responses that Owner must provide hereunder, including, among other methods, attachment of "deadline cover sheets" on any submissions to Owner that require response by a particular deadline or distribution of weekly calendars that show deadlines imposed on Owner. If Developer at any time believes that an instance of Owner-Caused Delay has occurred that has directly caused or will directly cause an increase in Project Costs or extension of the Developer Obligation Date, Developer shall send a written notification to Owner and Tenant within ten (10) Business Days of Developer's discovery of the occurrence of such alleged Owner-Caused Delay setting forth in reasonable detail (w) a detailed description of alleged event that constituted such Owner-Caused Delay, (x) the period of alleged Owner-Caused Delay, (y) how the alleged Owner-Caused Delay adversely impacted the Project Schedule, and (z) any incremental increase in Project Costs that are identifiable or reasonably foreseeable as a direct result of such Owner-Caused Delay. Any disputes between Developer and Owner over Project Costs attributable to Owner-Caused Delay shall not be a reason to stop or delay construction of the Project and shall be resolved by the Parties as expeditiously as possible, either by mutual agreement of the Parties or in accordance with the dispute resolution mechanisms described in Section 24.

**"Owner Discretionary Costs"** means certain costs to be paid by Owner, and shall include, audit, inspection, and other administrative costs incurred prior to Substantial Completion, as described under the heading "Owner Discretionary Costs" on the Project Budget attached hereto as Exhibit D. Owner Discretionary Costs may be incurred only at the discretion of the Owner, and therefore are not part of the Fixed Price; provided, however, the costs associated with Owner Discretionary Costs that are managed by Developer shall be added to the Project Costs for purposes of calculating the Developer's Fee.

“**Party**” and “**Parties**” has the meaning set forth in the Preamble.

“**Permits**” means all land use approvals, permits and approvals required for construction and occupancy of the Project under any Law.

“**Permitted Use**” means use of the Premises by Tenant for office, retail, parking and/or any other lawful use consistent with the provisions of Section 7 and the Ground Lease.

“**Preliminary Plans**” means the initial renderings, program requirements, Schematic Design Drawings, Design Development Drawings, Plan Check Ready Drawings and specifications for the Project as approved by the Owner with Tenant Concurrence as a part of the pre-development deliverables. A detailed list of the Preliminary Plans is attached hereto as Exhibit E.

“**Premises**” means the real property described in Recital A and the entirety of the facilities and any other improvements located on such property from time to time.

“**Procured FF&E**” means furniture, fixtures, equipment, and movable property installed in the Project by Developer at Tenant’s request at the Owner’s direction through an Owner initiated change order, the costs of which will be an Other Owner Cost and shall not be part of the Fixed Price; provided, however, the costs associated with the Procured FF&E shall be added to the Project Cost for purposes of calculating the Developer Fee.

“**Project**” has the meaning set forth in Recital B, inclusive of all design, permitting and construction, all design and other professional services, and all labor, materials and equipment used or incorporated in such design and construction of the (a) Project, (b) Tenant Improvements to be constructed within the Project, and (c) the Financed FF&E and the Procured FF&E. The Project shall be consistent with and reasonably inferable from the approved Project Requirements as being necessary to produce the intended results. Notwithstanding the foregoing or anything to the contrary contained in this Agreement, the Financed FF&E will be designed, provided and installed in accordance the provisions of Exhibit J.

“**Project Application for Payment**” means the procedures by which requests for payment for Project Costs and other costs shall be made in accordance with Section 9.

“**Project Budget**” means the budget for development of the Project attached to this Agreement as Exhibit D, as revised from time to time by Developer and Owner with Tenant’s Concurrence in accordance with this Agreement.

“**Project Contingency**” means the contingency by that name set forth in the Project Budget together with all cost savings in all line items that are not required for allocation to other line items in which excess Project Costs were incurred.

“**Project Costs**” means all costs for the completion of the development, design, permitting, construction, and equipping of the Project, including, without limitation, all site work, including utility relocation and installation of utilities as required to serve the Project [and obtaining all appurtenant easements required for such utility relocation and installation], all roadway improvements (if any), sidewalks and landscaping, all permit fees, all costs of the

Project, HVAC, electrical and other building systems, including but not limited to conduit rough-in for data, telephone, and security, all costs of Tenant Improvements including HVAC thermostats and operating controls, all costs of Financed FF&E (but only to the extent of the Financed FF&E Allowance set forth in the approved Project Budget), 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, General Contractor, all amounts paid to the 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 Owner upon the written approval of Developer or by Developer on behalf of and acting as the Owner's authorized representative 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 Overhead Allowance, Developer's Fee, insurance (other than Bond insurance and other than builder's risk insurance policy, which shall be purchased by Owner and not by Developer or General Contractor), payment and performance bonds, applicable state and local retail sales taxes, the Project Contingency, [all costs of the Civic Art, and all costs of the Relocation Services]; provided, however, Project Costs shall not mean, except as specifically provided in Section 11 (relating to Developer's Overhead Allowance and Developer's Fee) or as set forth in the Project Budget, (i) salaries or other compensation of Developer's personnel normally situated at Developer's principal office or branch offices, (ii) except as otherwise provided in the Construction Contracts, salaries or other compensation for any Contractor's personnel normally situated at such Contractor's principal office or branch offices, (iii) salaries or other compensation for any officer of Developer or Contractor; (iv) expenses of Developer's or any Contractor's principal office; (v) overhead or general expenses, except as expressly provided in the definition of Project Costs; and (vi) Project Costs in excess of the Fixed Price.

Notwithstanding anything to the contrary herein, Project Costs do not include and Developer has no responsibility for (a) Tenant's Personal Property and any taxes thereon (which shall be paid by Tenant at its sole cost and expense); (b) Owner Discretionary Costs; (c) Costs Resulting from Owner-Caused Delay; (d) any increase in the cost of the Project resulting from Owner-initiated change orders; (e) real property taxes and assessments with respect to the Premises and the improvements thereon; and (f) Other Owner Costs.

**“Project Fund”** means the fund of that name established under the Indenture for the purpose, among others, of paying Project Costs.

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

**“Project Schedule”** means the schedule for development and construction of the Project as set forth on the attached Exhibit F, as revised from time to time by Developer and Owner with Tenant's Concurrence in accordance with this Agreement; provided, however, that in no event shall the Project Schedule provide for Substantial Completion of the Project to occur later than the Developer Obligation Date.

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

**“Relocation Services”** means the relocation and installation of Tenant’s furniture, fixtures, equipment and movable property from Tenant’s current buildings at 600 Commonwealth Ave., 5601 E. Slauson Ave., 350 S. Figueroa, 3530 Wilshire Blvd., 2601 Wilshire Blvd., and 501 Shatto Place to the Project in conformance with plans, change orders and directions agreed by Owner and Developer with Tenant’s Concurrence, the cost of which shall be part of the [Bonds]<sup>1</sup>.

**“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, and 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, Laws, ordinances, and covenants, conditions and restrictions, which apply to and/or affect the design, construction, existence, intended use, operation and/or occupancy of the Premises or any part thereof.

**“Sale of the Bonds”** means execution and delivery by Owner and a responsible bond underwriter of an agreement providing for the purchase and sale of the Bonds on terms consistent with the terms of the Facilities Lease and with no conditions to the underwriter’s obligation to pay for and accept delivery of the Bonds other than those conditions contained in said agreement between Owner and the responsible bond underwriter.

**“Schematic Drawings”** means drawings establishing the general scope, conceptual design, design intent and scale and relationship among the components of the Project.

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

**“Substantial Completion of the Project”** has the meaning set forth in Section 12.1.

**“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 Project 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 within the Project 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

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<sup>1</sup> NTD: Bond counsel to confirm.

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; and (g) all roadway improvements, site utilities, sidewalks and landscaping have been substantially completed and construction barricades and equipment have been removed; except, in each case, minor Punch List items which do not materially affect use and occupancy of the Project for its Permitted Use;

“**Tenant**” has the meaning set forth in Recital A together with any successors and assigns permitted under the Facilities Lease.

“**Tenant Improvements**” means improvements to the interior of the Project, including but not limited to HVAC thermostats, operating controls and conduit rough-in for data, telephone, and security wiring, as they are described in the Construction Documents.

“**Tenant’s Concurrence**” means, with respect to any Contract Documents or any action to be taken by Owner with respect to the Project for which Tenant’s Concurrence is specified, (a) the written approval of Tenant to such Contract Document or action following written notice to Tenant from Owner or Developer requesting such concurrence or (b) any deemed concurrence pursuant to this Agreement. Tenant’s Concurrence (whether written or deemed) is given solely as an expression of Tenant’s lack of objection to any Contract Documents or any action for which Tenant’s Concurrence is sought and shall under no circumstance be deemed or construed to constitute (x) Tenant’s endorsement of such Contract Document or action, (y) a professional opinion by Tenant regarding the effect, safety, legality, or construction worthiness of any improvement or work conducted in accordance with such Contract Document or action, or (z) Tenant’s acceptance or assumption of any liability arising from such Contract Document or action. Tenant’s written approval of such Contract Document or action shall be made within ten (10) Business Days following written notice to Tenant from Owner requesting such concurrence. Owner shall include in any such notice, printed in capital letters and boldface type, a legend to the following effect:

“THIS COMMUNICATION REQUIRES IMMEDIATE RESPONSE. FAILURE TO RESPOND WITHIN TEN (10) BUSINESS DAYS FROM THE RECEIPT OF THIS COMMUNICATION SHALL CONSTITUTE A DEEMED APPROVAL OF THE CONTRACT DOCUMENTS DESCRIBED HEREIN.”

If the foregoing legend is included by the Owner in its communication, then the submitted Contract Documents shall be deemed to have been approved if the Tenant fails to object with respect thereto within ten (10) Business Days of receipt of such notice. Tenant’s Concurrence shall not be unreasonably withheld, conditioned or delayed.

“**Tenant’s Personal Property**” means Tenant’s furniture, equipment, and movable personal property placed in the Premises. Tenant shall provide and install Tenant’s Personal Property at Tenant’s sole cost and expense. Tenant’s Personal Property does not include Financed FF&E or Procured FF&E otherwise purchased and installed by Developer.

**“Title Policies”** means the leasehold policy of title insurance issued to Owner upon its acquisition of a leasehold interest in the Premises pursuant to the Ground Lease and the lender’s policy of title insurance issued to the Trustee upon the recording of the mortgage or deed of trust in favor of the Trustee.

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

**“Turnkey Condition”** means that Substantial Completion of the Project has been achieved, and all Financed FF&E and Procured FF&E has been installed in accordance with the Construction Documents, and the Project is fully occupiable and usable for its intended purposes by Tenant and any agreed Relocation Services have been completed.

**“Unavoidable Delays”** means any delay in the performance by Developer or the General Contractor of its obligations with respect to construction of the Project caused by strikes or labor disputes (other than those caused by Developer’s acts, omissions or failure to negotiate in good faith), acts of God, unavoidable casualties, adverse weather conditions in excess of those usually encountered in the Los Angeles area which prevent or delay critical path construction activities as and when scheduled by the Contractors, acts of terrorists, governmental delays in issuing permits or conducting inspections (beyond the typical delays expected in a project of the size and type of the Project and provided that Developer has filed all applications and paid all required fees for such permits in a timely fashion), delays caused by Tenant (which does not include any period of time provided in the Facilities Lease or this Agreement for Tenant to review and respond to any submission), governmental embargo restrictions, subsurface and environmental conditions not reasonably identified by Developer prior to the Effective Date in the exercise of its commercially reasonable due diligence (including, without limitation, the location and extent of oil wells or other Hazardous Substances in the soil), or other causes beyond the reasonable control of Developer or the General Contractor, which, after the exercise of due diligence to mitigate the effects thereof, delay construction of the Project. Unavoidable Delays are not delays resulting from (a) Developer’s or General Contractor’s failure to comply with the terms and provisions of this Agreement or the General Construction Contract (as applicable), (b) increased prices, or (c) unavailability of funds, provided the Fixed Price (and all other funds payable by Owner under this Agreement) is timely paid by Owner in accordance with Section 9. Unavoidable Delays will entitle Developer to an extension of the Developer Obligation Date, but will in no way entitle Developer to additional compensation, except as otherwise provided in this Agreement. Nothing contained herein shall prevent Developer from allocating the Project Contingency to increased costs of constructing the Project caused by Unavoidable Delays. Notwithstanding the foregoing, in order for either Party to claim an Unavoidable Delay, the Unavoidable Delay must be described in reasonable detail a written notice given by the Party claiming such Unavoidable Delay to the other Party within ten (10) Business Days after the Party claiming such Unavoidable Delay obtained knowledge of the event or circumstances giving rise to the claim of Unavoidable Delay, which notice shall reasonably specify the nature of the event giving rise to the claim of Unavoidable Delay and the date of commencement of the Unavoidable Delay and the (i) estimated delay (if ongoing) or (ii) the actual delay (if not ongoing) caused by such event or circumstances.

Any disagreements with regard to Unavoidable Delays that cannot be resolved by Developer and Owner shall be resolved in accordance with Section 24, but (subject to Owner's continued funding of the Project Costs up to the amount of the Fixed Price) work shall continue pending resolution of such dispute.

“USGBC” has the meaning set forth in Section 4.7.

“**Warranty Period**” means that period commencing on the date of Substantial Completion of the Project and expiring one (1) year thereafter.

## **2. Development of the Project.**

**2.1 Fixed Price.** Owner hereby retains Developer and Developer shall, in accordance with the terms of this Agreement, develop, oversee and manage the design, permitting, construction, furnishing and equipping phases of the Project in accordance with the terms and conditions of this Agreement. Subject to the terms of this Agreement, and provided the Fixed Price is paid in accordance with Section 9 and Owner timely pays all other amounts payable by Owner under this Agreement, Developer warrants Substantial Completion of the Project (i) constructed in a good and workmanlike manner, (ii) in substantial accordance with the Contract Documents, (iii) on or before the Developer Obligation Date, (iv) for the Fixed Price (excluding any components of the Project that are not Project Costs), and (v) free and clear of all liens. Project Costs exceeding the Fixed Price shall be paid by Developer, with Developer depositing any required funds with Trustee pursuant to Section 9.6.

**2.2 Owner Discretionary Costs.** Owner Discretionary Costs shall not be considered Project Costs but shall be Owner's sole responsibility and shall not be Developer's responsibility.

**2.3 Diligent Efforts; Relationship of the Parties.** Developer accepts the relationship of trust and confidence established with Owner by this Agreement and agrees that in providing the services set forth in this Agreement, Developer shall use its diligent efforts and shall furnish its best skill and judgment and shall cooperate with, coordinate, manage, direct and oversee the General Contractor, all other Contractors, all other engineers, design consultants, managers and other persons retained in connection with the design, permitting, development and construction of the Project so as to cause Substantial Completion of the Project for the Fixed Price in an expeditious and economic manner consistent with the best interests of Owner, and otherwise in a good and workmanlike manner and in substantial accordance with the Contract Documents, on or before the Developer Obligation Date, free and clear of all liens (provided the Fixed Price is paid in accordance with Section 9). Developer shall perform its services in accordance with the terms of this Agreement, including, without limitation, all services to be provided by Developer as described in Section 5. Developer shall not perform any construction services in connection with this Agreement. By the terms of this Agreement, Developer (a) is not obligated to perform services for which Owner has contracted with a third party without Developer's prior written consent, and (b) except as set forth in Section 23.2, is not obligated to pay for such services for which Owner has contracted with third parties without Developer's prior written consent, and such services shall be paid for directly by Owner and shall not be considered Project Costs unless they are pre-approved by Developer in writing.

**2.4 Mutual Cooperation; Liability of Owner.** Developer and Owner shall fully and in good faith cooperate with each other to accomplish all of the activities contemplated in this Agreement. Owner shall have no liability or responsibility whatsoever with respect to the activities to be performed by Developer, except to timely pay the Fixed Price and to timely perform all obligations of Owner set forth in this Agreement pursuant to the terms and conditions contained herein.

**2.5 Term.** The rights and obligations of the Developer and Owner hereunder shall commence on the Effective Date and shall continue until expiration of the Warranty Period.

### **3. Project Financing.**

**3.1 Issuance of Bonds.** Owner intends to issue Bonds in a principal amount sufficient to pay the Project Costs, Financing Costs, capitalized interest, and other costs payable pursuant to the terms of the Indenture.

**3.2 Disbursal of Proceeds.** A portion of the proceeds from the sale of the Bonds in an amount sufficient to pay the Fixed Price shall be deposited into the Project Fund held by the Trustee and shall be used to pay Project Costs and other costs in accordance with the terms of the Indenture and this Agreement.

**4. Project Design.** Developer shall cause design services to be performed by qualified architects, engineers and other professionals recommended by Developer, approved by Owner and paid as part of the Project Costs. Developer shall provide to Tenant copies of any notices, plans, specifications, or other documents required to be delivered to Owner under this Agreement. In addition, Tenant shall have the right, but not the obligation, to attend design meetings with Developer, Architect, and other design professionals as appropriate in the course of development of Construction Documents. Tenant shall also have the right to simultaneously provide to Developer a copy of any notice Tenant issues to Owner.

**4.1 Selection of Development Team for Project.** In addition to the Architect and the General Contractor, the following entities have been approved by Owner and are intended to be retained in connection with the Project:

- (a) Utility Consultant: Dry Utility Experts
- (b) Civil Engineers: KPFF
- (c) Landscape Architect: SWA
- (d) Geotechnical Engineers: Geotechnologies
- (e) Environmental Consultants: Tetra Tech; Citadel Environmental
- (f) Commissioning Agent: Salas O'Brien South, LLC

In order to complete the Project, Developer shall have the right to select other professionals as necessary or desirable for the design, permitting, and development of the Project



and shall have the obligation to recommend other Contractors for Owner's approval. Except as otherwise provided in this Agreement, all amounts paid to the entities outlined above and any others hereinafter engaged by Developer in connection with the performance of its duties and responsibilities under this Agreement, or as authorized representative for Owner, shall be part of the Fixed Price.

**4.2 Design-Build Contracts.** For any design-build elements, the Construction Contract shall provide that the design professionals shall be engaged by the General Contractor.

**4.3 Amendments of Design or Construction Contracts.** Consistent with the terms and conditions of the General Construction Contract, there shall be no amendment to such Construction Contracts or the Architect agreement, without the prior written consent of Owner, Tenant's Concurrence and the concurrence of Developer. Developer shall provide Tenant a copy of all proposed changes to the Construction Documents requiring Owner's review and/or approval pursuant to this Agreement and Section 9.17 of the Facilities Lease, as and when such proposed changes are provided to Owner. All rights of Owner and Developer, respectively, under the General Construction Contract and any other contract designated by Trustee shall be assigned to Trustee. Developer shall obtain, at no cost to Owner, the consent of General Contractor and other design professionals and Contractors as necessary to each such assignment.

**4.4 Project Budget.** The Project Budget sets forth a detailed itemization by line item and category of all Project Costs, including the Project Contingency, Overhead Allowance and Developer's Fee. The Project Budget is attached hereto as Exhibit D.

**4.5 Drawings.** Prior to the execution of this Agreement, Developer caused the Schematic Drawings, the Design Development Drawings and the Construction Drawings at twenty-five percent (25%) of completion for the Project to be prepared, in each case for Developer's review, Owner's approval and Tenant's Concurrence. All such approved drawings and specifications are included in the Preliminary Plans and listed on Exhibit E.

**4.6 ADA Compliance.** Each design contract shall include a provision requiring that upon "substantial completion" of the work covered by that design contract, the work and the Project so constructed shall comply with the applicable Americans with Disabilities Act requirements referenced herein.

**4.7 LEED Certification.** Developer shall use commercially reasonable efforts to obtain a Leadership in Energy and Environmental Design – NC 2009 ("LEED") Gold certification from the U.S. Green Building Council ("USGBC") with respect to the Project. Owner acknowledges that the design decisions made by it and by Tenant will have an impact on the LEED certifications received and will work in good faith with Developer when making those decisions to consider their potential impact on LEED certifications. Developer shall keep Owner and Tenant apprised throughout the design process of any design decisions that may affect the LEED certifications of the Project and with respect to any preliminary determinations made by the USGBC with respect to the LEED certification of those improvements. It is anticipated that the final determination by the USGBC of the LEED certification of the Project will not occur until after Final Acceptance. Owner shall hold back 2.5% of the Developer's Fee until a LEED

certification is obtained for the Project, and Developer shall diligently and continuously use commercially reasonable efforts to pursue such LEED certification for the Project. If Developer has diligently and continuously used commercially reasonable efforts to pursue such LEED certification for the Project, and the LEED certification for the Project has not been obtained within eighteen (18) months after Final Acceptance of the Project (subject to Unavoidable Delays), then Developer shall be entitled to payment of the remaining 2.5% of the Developer's fee being held by Owner. If the LEED certification for the Project has not been obtained within eighteen (18) months after Final Acceptance of the Project (subject to Unavoidable Delays), and Developer has not diligently and continuously used commercially reasonable efforts to pursue such LEED certification for the Project (beyond any applicable notice and cure period), and such failure to obtain LEED certification is not as a result of the acts or omissions of Owner or Tenant, then Owner shall be entitled, as Owner's sole remedy, to retain the 2.5% of the Developer's Fee held back as liquidated damages resulting from Developer's failure to use diligent and continuous efforts to achieve the LEED certification.

**4.8 Owner's Review.** Owner and Tenant may participate in all design meetings with Developer, Architect, and other design professionals as appropriate in the course of the development of the Schematic Drawings, the Design Development Drawings and all Construction Documents in order to facilitate the approval of such Construction Documents in accordance with the terms of this Agreement. Developer shall also provide Tenant a copy of all submittals requiring Owner's review and approval pursuant to this Agreement, as and when such submittals are provided to Owner. Owner shall promptly review the Project Budget and each of the Schematic Drawings, the Design Development Drawings and all Construction Drawings and Detailed Specifications submitted in accordance with this Agreement and shall give Developer written notice within ten (10) Business Days following its receipt of the Project Budget and/or Construction Drawings and Detailed Specifications of its approval or disapproval thereof, specifying in the case of its disapproval, its reason therefor. Owner shall have the right to disapprove Schematic Drawings, Design Development Drawings, Construction Drawings and Detailed Specifications which (i) do not meet the Project Requirements, (ii) do not comply with Requirements of Law, (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. If no objections or comments are received within such ten (10) Business Day period, then the submittals shall be deemed approved; provided that Developer shall include in the required notice to Owner and to Tenant, printed in capital letters and boldface type, a legend to the following effect:

**“THIS COMMUNICATION REQUIRES IMMEDIATE RESPONSE. FAILURE TO RESPOND WITHIN TEN (10) BUSINESS DAYS FROM THE RECEIPT OF THIS COMMUNICATION SHALL CONSTITUTE A DEEMED APPROVAL OF THE SCHEMATIC DRAWINGS, DESIGN DEVELOPMENT DRAWINGS, CONSTRUCTION DRAWINGS OR DETAILED SPECIFICATIONS DESCRIBED HEREIN.”**

If the foregoing legend is included by Developer in its communication, then the submitted drawings and/or specification shall be deemed to have been approved if the Owner fails to object with respect thereto within ten (10) Business Days of receipt of such notice.

**4.9 Resubmittals.** If objections or comments are submitted in writing within the time frame and in accordance with the requirements set forth in the preceding subsection, Developer shall cause the Architect to make changes to the Schematic Drawings, Design Development Drawings, Construction Drawings and/or Detailed Specifications consistent with reasonable objections or comments made by the Owner and shall resubmit the same to Owner in accordance with the foregoing schedule for further review. The process of resubmittal and review shall continue until the submittals have been approved by all the parties. The final Construction Drawings and Detailed Specifications setting forth in detail the requirements for the construction of the Project which have been approved by Owner are called the Construction Documents. There shall be no material change in the Construction Documents except as set forth in Section 8.

**4.10 Permit and Construction Documents.** Developer shall cause General Contractor to cause its design professionals to prepare Construction Documents as required for submittal of the building permit and other permit applications in accordance with Section 6, and as required for construction of the Project.

**5. Construction Management Services.** Developer shall provide Owner with all construction administration and construction management services necessary or desirable to cause Substantial Completion of the Project on or before the Developer Obligation Date, all in a good and workmanlike manner and in substantial accordance with the Contract Documents, including, without limitation, the following:

**5.1 Preconstruction Phase.**

(a) Developer shall oversee all design work done by Architect and other design professionals for the design and development of the Project. Developer shall expeditiously review design documents during their development and advise Owner on proposed site use and improvements, selection of materials, building systems and equipment and methods of Project delivery. Developer shall provide recommendations on relative feasibility of construction methods, availability of materials and labor, and time requirements for procurement, installation, construction and factors related to construction costs including, but not limited to, costs of alternative designs or materials, budgets and possible economics.

(b) Developer shall prepare and periodically update the Project Schedule for Owner's acceptance. Developer shall coordinate and integrate the services of Architect and other design professionals into the Project Schedule which shall also set forth Developer's and Owner's responsibilities with anticipated construction schedules, highlighting critical and long lead time items. Any changes to the Project Schedule that would extend the scheduled date for the Substantial Completion of the Project (other than as may be extended under this Agreement) will require Tenant's Concurrence.

(c) Developer shall consult with Owner and Tenant regarding the Construction Documents and make recommendations whenever design details adversely affect constructability, cost or schedules.

(d) Developer shall cause General Contractor to establish the assignment of responsibilities for temporary Project facilities and equipment, materials and services for common use of the Contractors. Developer shall verify that such requirements and assignment of responsibilities are included in the proposed Contract Documents.

(e) Developer shall cause General Contractor to determine the division of the Project into individual contracts for various categories of work, including the method to be used for selecting Contractors and awarding Construction Contracts. Developer shall cause General Contractor to review the Construction Documents as required to provide that (1) the work of the Contractors is coordinated; (2) all requirements for the Project have been assigned to the appropriate Construction Contract; (3) the likelihood of jurisdictional disputes has been minimized; and (4) proper coordination has been provided for phased construction.

(f) Developer shall prepare a Project Schedule providing for the components of the work and shall consult with General Contractor in connection with the preparation and updating of the Project Schedule, including phasing of construction, times of commencement and completion required of each Contractor, ordering and delivery of products requiring long lead time, and the occupancy requirements of Tenant. Developer shall provide the current Project Schedule to General Contractor for bidding documents.

(g) Developer shall work with General Contractor to expedite and coordinate the ordering and delivery of materials requiring long lead times.

(h) Developer shall select and coordinate the professional services of surveyors, special consultants and testing laboratories required for the Project.

(i) Developer shall cause General Contractor to provide an analysis of the types and quantities of labor required for the Project and shall review with General Contractor the availability of appropriate categories of labor required for critical phases. Developer shall make recommendations for actions designed to minimize adverse effects of labor shortages.

(j) Following Owner's approval of the Construction Documents, the Developer shall update and submit the latest estimate of Project Costs, Project Budget and the Project Schedule for Owner approval and Tenant's Concurrence.

(k) Developer shall direct General Contractor to develop bidders' interest in the Project, establish bidding procedures, issue bidding documents to bidders and conduct pre-bid conferences with prospective bidders. Developer shall cause General Contractor to submit the list of prospective bidders for Owner's review. Owner shall have the right to reject any bidder if there exists substantial and reasonable cause for such rejection. Developer shall assist General Contractor with respect to questions from bidders and the issuance of addenda.

(l) Developer, working with General Contractor, shall receive bids, prepare bid analyses and award contracts or reject bids.

## 5.2 Construction Phase.

(a) Developer shall administer all Construction Contracts for the Project.

(b) Developer shall provide administrative, management and related services to coordinate scheduled activities and responsibility of the Contractors with each other and with those of the Developer and Owner to manage the Project substantially in accordance with the Project Schedule and Contract Documents.

(c) Developer shall cause General Contractor to update the Project Schedule incorporating the activities of the Contractors on the Project, including activity sequences and duration, allocation of labor and materials, processing of shop drawings, product data and samples and delivery of products requiring long lead time and procurement. The Project Schedule shall include Owner's and Tenant's occupancy requirement showing portions of the Project having occupancy priority. Developer shall update and reissue the Project Schedule as required to show current conditions. If an update indicates that the previously approved Project Schedule may not be met, Developer shall direct General Contractor to take corrective action so as to cause Substantial Completion of the Project to be achieved on or before the Developer Obligation Date.

(d) Developer shall cause General Contractor to schedule and coordinate the sequence of construction so as to cause Substantial Completion of the Project on or before the Developer Obligation Date.

(e) Developer shall cause General Contractor to dutifully administer and enforce all Construction Contracts with subcontractors. Developer shall notify Owner and Tenant of and shall consult with Owner regarding any material breaches or defaults by any party to a Construction Contract relating to the Project. Developer shall, with respect to such breach or default by such contracting party, follow the instructions or directions of Owner so long as such instructions or directions do not, in the reasonable professional judgment of Developer, restrict, delay, impair or otherwise jeopardize the Substantial Completion of the Project by the Developer Obligation Date.

(f) Developer shall develop cash flow reports and forecasts for the Project (including variances between actual and budgeted costs) and provide Owner and Tenant with copies of same.

(g) Developer shall oversee the course of construction and shall conduct such inspections of the course of construction and testing of work to insure that the work of each Contractor is being performed in accordance with the requirements of the Contract Documents in a good and workmanlike manner, free of defects and deficiencies in work, and free and clear of all liens. Developer shall reject all work which does not conform to the requirements of the Contract Documents and cause corrective action to be taken.

(h) Developer shall transmit to Architect or any other appropriate design professional requests for interpretations of the meaning and intent of Construction Drawings and Detailed Specifications and assist in the resolution of questions that arise.

(i) Developer shall expedite the processing and approval of shop drawings, product data, samples and other submittals.

(j) Section 8 shall control with regard to changes in the work.

(k) Developer shall record the progress of the Project. Developer shall cause General Contractor to submit written monthly progress reports to Owner, Tenant and Developer, including information on each Contractor and each Contractor's work, as well as the entire Project, showing percentages of completion. Developer shall maintain or cause General Contractor to maintain a daily log, containing a record of weather, each Contractor's work on the site, number of workers, identification of equipment, work accomplished, problems encountered and such other information as Owner may require.

(l) Developer shall maintain at the Project site or at Developer's offices in Los Angeles County, for Owner and Tenant one record copy of all Contract Documents, all drawings, specifications, addenda, change orders and other modifications, in good order and marked currently to record changes and selections made during construction together with approved shop drawings, product data, samples and similar required submittals. Developer shall maintain records, in duplicate, of principal building layout lines, elevations of the bottom of the footings, floor levels and key site elevations certified by a qualified surveyor or professional engineer. All such records shall be made available to Owner and/or Tenant upon request and, upon completion of the Project, duplicate originals or electronic copies shall be delivered to Owner and Tenant.

(m) Although Developer shall not be responsible for the purchase of materials, systems and/or equipment (except as set forth in Exhibit J with respect to the Financed FF&E), Developer shall assure that General Contractor provides reasonable accommodation to Owner for the delivery and storage, protection and security of such materials, systems and equipment that are part of the Project until such items are incorporated into the Project, subject to General Contractor's reasonable determination concerning the status of construction and the availability of safe and secure portions of the Project for such purpose.

(n) Developer shall develop and implement procedures for the review and processing of applications by Contractors for progress and final payments.

(o) Based on the Developer's observations and evaluations of each Contractor's payment application, the Developer shall review and certify the amounts due the respective Contractors. The Developer shall prepare a Project Application for Payment based on the Contractors' payment application.

(p) Each Project Application for Payment and certification of the Contractor(s)' application for payment shall constitute a representation to Owner based on the Developer's overall supervision of the course of construction, inspections conducted at the site, and review of the data comprising the Contractors' application for payment that, to the best of Developer's knowledge, information and belief, the work has progressed to the point indicated and the quality of the work is in accordance with the Contract Documents (subject to minor

deviations from the Contract Documents correctable prior to completion and to specific qualifications expressed by Developer in Developer's Project Application for Payment).

(q) Developer shall supervise the final testing and start-up of utilities, operational systems and equipment, in the presence of Owner's maintenance personnel if so requested by Owner.

(r) When Developer considers each Contractor's work Substantially Complete, the Developer shall prepare for the Contractor a list of incomplete or unsatisfactory items (Punch List) and a schedule for their completion. The Developer shall assist Architect or any other design professional, as appropriate, in conducting inspections to determine whether the work is Substantially Complete.

(s) Developer shall cause General Contractor to coordinate the correction and completion of the work, including all Punch List items, and shall evaluate the completion of the work of the Contractors and make final recommendations to the Architect when the Project has achieved Final Acceptance. Developer shall maintain a database of all Punch List items or otherwise unsatisfactory items observed and record the resolution of these items. Developer shall assist Architect in conducting final inspections of the work.

(t) Developer shall procure and install the Procured FF&E in accordance with the applicable authorizing change order.

(u) Developer shall provide the Relocation Services.

(v) Developer shall procure and install the Civic Art in accordance with County policies and the Construction Documents.

(w) Developer shall take such other and further action as may be necessary or desirable to cause Substantial Completion of the Project to be achieved on or before the Developer Obligation Date.

## **6. Permits.**

**6.1 Permits.** Developer shall obtain all Permits necessary for the construction of the Project pursuant to Requirements of Law. For those Permits yet to be acquired as of the Effective Date, prior to submission of an application for such Permits, Developer shall provide written notice to Owner including the Permit application to be submitted and Owner shall have three (3) Business Days from receipt of such notice to review any Permit application Developer intends to submit. Owner's failure to object to terms or conditions of a Permit application within three (3) Business Days shall be deemed Owner's approval of such Permit application and Owner's authorization for Developer to submit such Permit application, provided that Developer shall include in the required notice to Owner, printed in capital letters and boldface type, a legend to the following effect:

**“THIS COMMUNICATION REQUIRES IMMEDIATE RESPONSE. FAILURE TO RESPOND WITHIN THREE (3) BUSINESS DAYS FROM THE RECEIPT OF THIS**

COMMUNICATION SHALL CONSTITUTE A DEEMED APPROVAL OF THE PERMIT APPLICATION DESCRIBED HEREIN.”

For those Permit applications already submitted by Developer prior to the Effective Date, Owner and Tenant shall receive a copy upon either’s request. Owner and/or Tenant shall join in any application for Permits as required; provided, however, neither Owner nor Tenant shall incur any expense or liability in connection therewith. Developer shall pursue issuance of such Permits with all due diligence.

**6.2 Costs.** All costs associated with issuance of the Permits, including the cost of any required off-site improvements, shall be Project Costs.

**6.3 Schedule and Delays.** Owner and Developer anticipate issuance of Permits and the Commencement of Construction within the time set forth in the Project Schedule set forth as Exhibit F. The Project Schedule shall be updated by Developer and Owner from time to time as reasonably required to reflect the current status of the Project. Except as otherwise provided in this Agreement, there shall be no increase in the Fixed Price as a result of any delay in issuance of the Permits or commencement or completion of construction of the Project unless due to Costs Resulting from Owner-Caused Delay.

## **7. Construction.**

**7.1 Commencement of Construction.** Developer shall cause Substantial Completion of the Project in a good and workmanlike manner, free from defects in work or materials and in substantial accordance with the Contract Documents, on or before the Developer Obligation Date, free and clear of all liens, provided the Fixed Price and any other costs are paid in accordance with Section 9. As soon as reasonably practical following Bond Closing and issuance of the Permits but no later than ninety (90) days thereafter, Developer shall cause Commencement of Construction to occur and to diligently and continuously prosecute such work to Final Acceptance. Developer shall coordinate the sequencing of all construction and shall cause all Contractors to commence construction of that portion of the work covered under their respective Construction Contracts and diligently and continuously prosecute such work to Final Acceptance. Developer warrants to the Owner that materials and equipment incorporated into the Project shall be new unless otherwise agreed in writing by Owner with Tenant’s Concurrence.

### **7.2 Delays.**

(a) The Developer Obligation Date shall be extended to the extent of Unavoidable Delays, provided, however, that extensions due to Unavoidable Delays shall not exceed ninety (90) days, unless the Unavoidable Delay results from any of (i) a casualty or condemnation subject to Section 21; (ii) the discovery of Hazardous Substances beneath the surface of the Premises, which existed but were unknown to Developer as of the Effective Date; and (iii) Owner-Caused Delays.

(b) If Substantial Completion of the Project fails to occur by the Developer Obligation Date, then commencing on the Developer Obligation Date and continuing on the first day of each successive calendar month through the month in which Substantial



Completion of the Project occurs, as Owner's sole remedy for such delay, Developer shall pay to Trustee an amount (the “**Monthly Carrying Costs**”) equal to the amount that would be payable to the Trustee under the Indenture if Substantial Completion of the Project had occurred on the Developer Obligation Date; provided, however, the Monthly Carrying Costs shall be calculated on a daily basis so that if, by way of example, Substantial Completion of the Project is one day after the Developer Obligation Date, then the Monthly Carrying Costs shall equal 1/30<sup>th</sup> of the Monthly Carrying Cost for the subject month. The Monthly Carrying Cost is, in turn, equal to one-sixth (1/6<sup>th</sup>) of the Base Rent that would be payable by Tenant under the Facilities Lease if Substantial Completion of the Project had so occurred, but Developer’s obligation to pay the Monthly Carrying Cost shall be offset by any amounts of Base Rent paid or payable by Tenant under the Facilities Lease. Prior to the due date, Owner shall provide and/or shall cause the Trustee to provide Developer with the amounts of such Monthly Carrying Costs. Such Monthly Carrying Costs shall be paid in advance by Developer on the first day of each calendar month or portion thereof, but any overpayment shall be refunded in arrears for the partial month in which Substantial Completion of the Project occurs. Any overpayment of Monthly Carrying Costs in a particular month shall be credited against the amount due in the next month.

(c) Notwithstanding the foregoing, to the extent Owner receives insurance proceeds under the builder’s risk insurance policy described in Section 16 to reimburse Owner for loss of income and rents, such sums shall be credited against Developer’s obligation to pay Monthly Carrying Costs to the Trustee. Furthermore, notwithstanding anything to the contrary contained in this Agreement, in no event and under no circumstance shall Developer be obligated to make out-of-pocket payments for Monthly Carrying Costs in excess of that portion of Developer’s Fee theretofore received by Developer under this Agreement plus any available insurance proceeds. However, any further obligation of Developer for Monthly Carrying Costs shall result in a forfeiture by Developer of that portion of the remainder of its Developer’s Fee equal to the amount of Developer’s remaining obligation (if any) for such Monthly Carrying Costs and Owner shall issue notice to Trustee to transfer any such forfeited amount of Developer’s Fee to the appropriate account under the Indenture for payment of debt service on the Bonds.

(d) Any liquidated damages or similar amount paid by the General Contractor under the General Construction Contract as a result of the failure to achieve Substantial Completion of the Project by the Developer Obligation Date shall be deposited with the Trustee and held for payment of Monthly Carrying Costs and related expenses through the month in which Substantial Completion of the Project occurs to the extent that the aggregate amount paid or forfeited by Developer pursuant to Section 7.2(b) is not sufficient to pay all Monthly Carrying Costs through the month in which Substantial Completion of the Project occurs. Upon Final Acceptance and the making of all Final Payments (including the funding of the 150% holdback for uncompleted Punch List items), if Substantial Completion of the Project failed to occur by the Developer Obligation Date, the Developer and the Owner with Tenant’s Concurrence shall (i) determine the amount of any liquidated damages or similar amount paid by General Contractor and deposited with Trustee as result of the failure of Substantial Completion to occur prior to the Developer Obligation Date and which has not been disbursed by Trustee to cover Monthly Carrying Costs and related expenses (“**Excess Liquidated Damages**”) and (ii) direct the Trustee to disburse such Excess Liquidated Damages to Developer to the extent of any

Monthly Carrying Costs paid by Developer or resulting in any forfeited Developer's Fee pursuant to Section 7.2(c).

(e) Upon Final Acceptance and the making of all Final Payments (including the funding of the 150% holdback for uncompleted Punch List items), if there are funds remaining in the Bond Proceeds Account in the Project Fund (as defined in the Indenture) prior to the final distribution of said Account (i.e., the sharing of contingency money), if Substantial Completion of the Project has failed to occur by the Developer Obligation Date and if Developer has made the payments it is required to make pursuant to this Section 7.2, the Developer and the Owner shall determine and direct Trustee to include within the Project Fund for sharing purposes any additional interest earnings that accrued on the undisbursed Bond proceeds as a direct result of such delay in excess of interest that would have accrued absent such delay.

**7.3 Guaranteed Maximum Construction Contract.** As part of the Fixed Price, the Project shall be constructed pursuant to the General Construction Contract which shall contain (a) the Guaranteed Maximum Construction Price and (b) a provision for payment and performance bonds issued by a surety reasonably acceptable to Owner pursuant to which Owner, Trustee and Tenant shall be named as obligees pursuant to a rider or riders reasonably acceptable to Owner.

**7.4 Construction Contracts.** Developer shall cause all Construction Contracts Developer enters into on behalf of Owner (and shall use commercially reasonable efforts to assure that all Construction Contracts entered into by Owner) to include recitations or provisions requiring the following:

(a) General Contractor and its respective subcontractors comply with the prevailing wage requirements and be subject to restrictions and penalties in accordance with Section 1770 of the California Labor Code which requires prevailing wages be paid to appropriate work classifications in all bid specifications and subcontracts.

(b) General Contractor furnish all subcontractors/ employees a copy of the Department of Industrial Relations prevailing wage rates which they will post at the job site. All prevailing wages shall be obtained by the Contractor from the California Department of Industrial Relations, Division of Labor Statistics and Research.

(c) General Contractor comply with the payroll record keeping and availability requirement of Section 1776 of the Labor Code.

(d) General Contractor make travel and subsistence payments to workers needed for performance of work in accordance with Section 1773.8 of the Labor Code.

(e) General Contractor contact the Division of Apprenticeship Standards and comply with Sections 1777.5, 1777.6 and 1777.7 of the Labor Code and applicable regulations.

(1) Provisions requiring all Contractors and subcontractors employed on the Project to comply with all applicable provisions of the Countywide Local and

Targeted Worker Hiring (“**LTWH**”) policy as adopted by the Board of Supervisors of the County of Los Angeles by a motion dated June 11, 2019, and any subsequent actions taken by the Board to implement the LTWH policy;

(2) Provisions for initiating, maintaining and providing supervision of safety precautions and programs in connection with the construction of the Project; and

(3) Provisions for indemnifying Owner, Tenant, Developer and Trustee for claims arising out of the negligence or willful misconduct of such Contractor and its employees, agents and subcontractors.

(4) Provisions causing General Contractor to procure and maintain, at a minimum, for the duration of the General Construction Contract, the insurance more particularly described in Facilities Lease 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 General Contractor and its agents, representatives, employees and/or subcontractors. The cost of such insurance shall be paid by General Contractor.

In the event that Developer is unable to cause any of the foregoing provisions to be included in any Construction Contract and gives specific notice to Owner of that fact, Owner’s execution of any such contract shall constitute Owner’s waiver of such requirements.

#### **7.5 Protection of Persons and Property.**

(a) Developer shall (or shall cause General Contractor to) be responsible for initiating, maintaining and providing supervision of safety precautions and programs in connection with the construction of the Project.

(b) Developer shall (or shall cause General Contractor to) take reasonable precautions for safety of, and shall provide reasonable protection to prevent damage, injury or loss to: (1) all persons working on the Project construction site and all other persons who may be affected thereby; (2) the Project and materials and equipment to be incorporated therein; and (3) other property at or adjacent to the site.

(c) Developer shall or shall cause General Contractor and all other Contractors to give notices and comply with all applicable laws, ordinances, rules, regulations, and orders of public authorities bearing on the safety of persons and property and their protection from damage, injury or loss.

(d) Developer shall be liable for all damage or loss to the Project to the extent set forth in Section 15.1.

**7.6 Insurance during Construction.** Insurance shall be provided by Developer, Owner, Architect and Contractors in accordance with the provisions of Section 16.

**7.7 Use of Project Contingency.** The amounts set forth in the various line items of the Project Budget are estimates only of Project Costs to be incurred. 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 shall have been less than the amount in the Project Budget, to the line item in which the excess Project Cost(s) has occurred. Following the allocation by Developer as set forth in the preceding sentence with respect to all line items, except Project Contingency, Developer is entitled to draw upon the Project Contingency for such excess Project Costs. The allocation of the Project Contingency for such purposes is solely under Developer's control, subject to the provisions of Section 12.7, if there is any unused Project Contingency following Final Acceptance. If the Project Contingency is not sufficient to pay such excess Project Costs, Developer shall be responsible therefor in accordance with Section 9.6. If Developer determines that there are cost savings in any line item and such cost savings are not currently required for allocation to another line item in which excess Project Costs were incurred, Developer shall allocate such cost savings to the Project Contingency. The monthly reports provided to Owner and Tenant shall contain an explanation in reasonable detail of any allocation of cost savings and Project Contingency to other line items in the Project Budget.

**7.8 Warranties.** Developer shall cause General Contractor to secure for the benefit of Owner all warranties and guarantees of the work by Contractors, suppliers and manufacturers of components of the Project. Upon Final Acceptance, Developer shall cause General Contractor to assign such warranties to Owner (provided that such warranties shall also be for the benefit of Developer). After Final Acceptance of the Project and during the Warranty Period, Developer shall assist Owner to enforce any warranties or guarantees with respect to the Project upon request. The General Construction Contract shall provide a minimum of a one (1) year warranty for workmanship with respect to the Project. Without increasing the Fixed Price, Developer and Owner have agreed that Developer shall cause General Contractor to obtain warranties of equal or longer periods from Contractors and material suppliers for the fixtures, services, or subcontracts as set forth in Exhibit I; provided, however, that the Developer shall not be required to assist Owner to enforce any warranties or guarantees that extend beyond the Warranty Period.

**7.9 Correction of Work.** During the Warranty Period, Developer shall cause the applicable Contractor to promptly correct or cause to be corrected work properly rejected by Owner or known by Developer to be defective or failing to conform to the Contract Documents, whether observed before or after Substantial Completion of the Project and whether or not fabricated, installed or completed, and shall cause to be corrected work found to be defective or non-conforming within the Warranty Period. Such costs (to the extent not borne by insurance) shall be Project Costs. Notwithstanding anything to the contrary contained in this Agreement (including, without limitation, Sections 7.8, 7.9 and 13), the warranties to be provided or obtained by Developer or Contractors shall not include and shall not be applicable with respect to any of the Financed FF&E except for those items that are expressly set forth on Exhibit J to be the responsibility of Developer.

**7.10 Stop Work by Owner.** If General Contractor fails to correct defective work as required, or persistently fails to carry out work in accordance with the Construction Documents, Owner, with Tenant's Concurrence, by written order, may order Developer and General Contractor to stop the work, or any portion thereof, until the cause for such order has been eliminated.

**7.11 Developer Default.** If Developer defaults or neglects to carry out the work in accordance with the Contract Documents and fails within ten (10) calendar days after receipt of written notice from Owner to commence and continue correction of such default or neglect with diligence and promptness, then Owner may, without prejudice to other remedies Owner may have, act to correct such deficiencies. In such case an appropriate change order shall be issued deducting from the Fixed Price the costs of correcting such deficiencies. If the payments then or thereafter due Developer are not sufficient to cover the amount of the deduction, Developer shall pay the difference to Owner. Such action by Owner shall be without prejudice to any other rights or remedies to which Owner may be entitled under this Agreement or applicable law.

## **8. Changes to the Work.**

**8.1 No Changes Without Owner Approval.** Following approval of the Construction Documents by Owner with Tenant's Concurrence, there shall be no changes in the work except in accordance with this Section 8. Changes in the work covered by the General Construction Contract and approved by Owner shall be processed in accordance with such Construction Contract.

**8.2 Developer Approved Changes in the Work.** It is anticipated that there will be field orders and change orders which shall result in changes to the scope of work. Developer shall use its reasonable efforts to apprise Owner and Tenant of proposed changes in the work and its recommendations regarding them prior to any action being taken. It may not always be possible to receive Owner's prior approval to these changes in a timely manner. Therefore, field orders and change orders may be approved by the Developer, without prior Owner approval, but only if the changes authorized by these field orders and change orders shall not have the effect of extending the Developer Obligation Date or materially altering the work. As soon as practical, but no later than with the next Project Application for Payment, Developer shall provide Owner and Tenant with all field orders and/or change orders approved by Developer. For the purposes of this Section 8.2, an alteration shall be deemed to be "material" if it would reduce the intended quality of the Project, result in an increase of Owner's operational costs over time, or result in a substitution of any of the systems in the Project (including but not limited to HVAC, plumbing, electrical, elevators, roofing, fire and life safety, security systems, and infrastructure components). In the case of either a material alteration or a change that would result in failure to achieve Substantial Completion of the Project by the Developer Obligation Date, prior written approval by the Owner with Tenant's Concurrence of the proposed change must be received.

**8.3 Change in the Work Initiated by Owner.** Owner with Tenant's Concurrence may initiate changes in the work if, and only if, Owner deposits additional funds in the Non-Bond Proceeds Account held by the Trustee to cover any additional cost of such change including the applicable Developer's Fee payable for any such change pursuant to Section 11.1. Such Owner requested change orders are expected to include change orders related to Procured FF&E; additional environmental remediation in excess of the amount set forth in the Project Budget;; and tenant improvements to the retail area.

**9. Payment of Project Costs.** Trustee will act as disbursing agent and hold and disburse money on deposit in the Project Fund to pay Project Costs and other costs in accordance with the Indenture and this Agreement. Monthly disbursements will be made from the Project Fund to the Contractors with whom Owner has contracted (or, at Owner's election, such disbursements may be made to Developer for Developer to then pay the Contractors, as applicable, from such disbursements) and to Developer in order that Developer is able to pay other Project Costs. So long as there has not occurred an Event of Default by Developer under this Agreement, such disbursements from the Project Fund shall continue until the Fixed Price has been disbursed (except as provided in Sections 11 and 12). Disbursements received by Developer from the Project Fund shall, except as otherwise expressly provided herein, be used solely to pay the Project Costs. Upon Developer's compliance with its obligations under this Agreement, Owner shall take all such action as is necessary and required to obtain such disbursements by the Trustee.

**9.1 Applications for Payment.** Developer shall submit to Owner and Tenant on or before the last Business Day of each calendar month a Project Application for Payment signed by Developer, which shall also include a payment application submitted by General Contractor consistent with the terms of the Construction Contract and consistent with the format set forth in Exhibit K. The Project Application for Payment shall request payment of a specified dollar amount, which shall constitute a portion of the Fixed Price, reasonably detailed to reflect the amount of the Project Costs expended in each category of the Project Budget. Such Project Application for Payment shall request the appropriate amount of hard or soft costs based on a percentage of completion basis with respect to such work as of the date of such Project Application for Payment, less retainage being withheld by General Contractor, from any of the Contractors. When retainage that has been previously withheld from a payment application submitted by General Contractor is to be paid by General Contractor to a Contractor, it shall be added to the next payment application of such Contractor submitted to Developer.

Project Costs other than hard and soft construction costs that are incurred or paid on a schedule that is not related to percentage of completion (e.g., Project Contingency paid only as allocated by Developer to specific costs incurred, Developer's Fee paid as described in Section 11.3, Developer's Overhead paid as described in Section 11.2, reserves for warranty work paid only after Substantial Completion of the Project, the 150% holdback for uncompleted Punch List items, payment of unutilized contingency accounts or construction savings to Owner and/or Developer, etc.) shall be included in the Project Application for Payment only when such items are to be paid in accordance with other provisions of this Agreement, without regard to the percentage completion of the Project.

Developer shall also provide a reconciliation between the total of all draw amounts requested (including such draw request) under a Project Application for Payment and the then-current Project Budget and include all the information and documentation required to be provided by General Contractor to the Owner pursuant to the Construction Contract, as well as a conditional partial lien release from General Contractor and from such laborers, contractors and subcontractors performing work on site as Owner may require, to become effective upon payment to the Contractor or such other payees of the amount of the payment specified in said Contractor's payment application, and Endorsement No. 122 to the lender's title policy and a similar endorsement to the leasehold title policy showing no liens or claims of lien; provided,

that if a lien has been filed, Developer and General Contractor may resolve such lien in accordance with Section 19. Developer shall provide copies of all conditional partial lien releases to the title company issuing the Title Policies and shall execute or cause General Contractor to execute an indemnity agreement with the title company in a form sufficient to enable the title company to issue the foregoing endorsements.

**9.2 Payment Procedures.** Architect shall certify each of the General Contractor's payment applications. Owner and Tenant shall have the opportunity to attend all meetings between Developer and Contractors at which Project Applications for Payment are to be discussed (e.g. Developer shall be available and shall require General Contractor to be available for a monthly meeting for review of the current month's application for payment, if requested by Owner or Tenant). Owner shall receive with the Project Application for Payment any documentation submitted to Developer supporting such Contractor's payment application. So long as Owner shall have received the Project Application for Payment, including all required Developer certifications, Architect certifications, lien releases, and other required supporting documentation, on or before the last Business Day of a calendar month, Owner shall make any objections regarding such Project Application for Payment in writing prior to the twelfth (12th) day of the succeeding calendar month or the Owner shall be deemed to have waived its right to object to such Project Application for Payment. Notwithstanding Tenant's right to review applications for payment, nothing in this Agreement shall be construed as constituting any sort of responsibility or liability for the making of any such payment.

Owner shall be obligated to pay those portions of the Project Application for Payment as to which there was no objection in accordance with this Section 9.2 on or before the fifteenth (15th) day of the succeeding calendar month. If Owner fails to receive the Project Application for Payment on or before the last Business Day of the month, Owner shall have a period of twelve (12) days from its receipt of such Project Application for Payment to review and approve such application, and a period of fifteen (15) days from its receipt of such Project Application for Payment to pay amounts as to which there is no objection. If Owner objects to any portion of a Project Application for Payment, Owner shall provide detailed written comments explaining the nature of the disapproval, whereupon (i) Project Costs which are approved by Owner shall be paid in accordance with Section 9.4 and (ii) Developer and Owner shall meet within two (2) Business Days to determine mutually acceptable revisions to the Project Application for Payment.

Failure of Developer and Owner to determine mutually acceptable revisions to the Project Application for Payment within the two (2) Business Day period shall entitle either Owner or Developer to commence the dispute resolution process described in Section 24 or, if necessary, litigation. Failure to reach agreement on an application for payment shall not relieve Developer from its duties and obligations under this Agreement.

**9.3 Review and Inspections.** Owner, Tenant and/or Trustee shall have the right, but not the obligation, to have such additional independent consulting architects, engineers or any other appropriate consultants retained and paid by such party (which shall be treated as Other Owner Costs), to inspect the construction work as it progresses and to review the Contract Documents. Such inspections shall be coordinated with Developer so as to not interfere with or delay construction of the Project or payment of any Project Application for Payment. If during

the course of such construction Owner and/or Tenant shall determine that the construction is not proceeding in accordance with the Contract Documents, Owner on its behalf or on behalf of Tenant shall give notice in writing to Developer that includes Owner's best efforts to specify the particular deficiency or omission and Developer shall thereupon take, or cause to be taken, all steps necessary to correct same. The failure to give such notice shall not give rise to any liability for Owner or Tenant and shall not be considered a waiver of any right of Owner or Tenant under this Agreement, including, without limitation, the enforcement of the representations and warranties of Developer under this Agreement and the requirements with respect to construction of the Project in accordance with the Contract Documents.

**9.4 Requisition to the Trustee.** Owner shall execute and deliver the requisition to the Trustee for the amount of the Project Application for Payment, or such undisputed portion thereof under Section 9.2, on or before expiration of the 15-day period specified in Section 9.2. Owner shall undertake good faith efforts to cause Trustee to disburse the amount shown on such requisition to Developer for disbursement to applicable Contractors and others on the thirteenth (13th) day of each calendar month, but in any event shall cause such payment to be made no later than the fifteenth (15th) day of the month if the Project Application for Payment was received by the last Business Day of the previous month.

**9.5 Initial Draw.** The Initial Draw shall include a mutually agreed amount to reimburse Developer for Project Costs actually incurred or paid by those parties (including, without limitation, fees and costs incurred prior to this Agreement for General Contractor, Architect and other design professionals) on and before the date of Bond Closing. Developer and Owner with Tenant's Concurrence shall agree on the maximum amount of the Initial Draw and shall notify Tenant of that agreed maximum amount by no later than five (5) Business Days prior to the Sale of the Bonds; in addition, Developer and Owner with Tenant's Concurrence shall agree on the exact amount of the Initial Draw and shall notify Tenant of that agreed Initial Draw amount by no later than seven (7) Business Days prior to the Bond Closing.

**9.6 Cost Overruns; Sufficiency of Funds to Complete Construction.** Owner shall have no obligation to request any disbursement of money on deposit in the Bond Proceeds Account in the Project Fund unless and until the Project is in balance (as set forth in the next sentence). The Project shall be deemed to be in balance only when the undisbursed portion of Bond proceeds allocable to payment of the Fixed Price (which Owner shall cause to contain an amount sufficient to pay the Fixed Price plus all other funds that are the responsibility of Owner under this Agreement) in the Project Fund together with funds deposited by Developer (if applicable) with Trustee and expected earnings on the Project Fund to the date of their anticipated disbursement after provision for all contingencies shall equal or exceed the amount reasonably estimated by Owner to pay for all Project Costs that are the responsibility of Developer under the terms of this Agreement. In the event Owner properly advises Developer that the Project is not in balance, Developer shall deposit into the Project Fund held by the Trustee the amount necessary to bring the Project into balance (i.e., the excess amount, if any, by which the Project Costs that are Developer's responsibility under the terms of this Agreement exceed the Fixed Price), and such funds shall be disbursed in their entirety prior to any further disbursement of Bond proceeds from the Bond Proceeds Account in the Project Fund; provided that if the shortfall in the Bond Proceeds Account in the Project Fund is due to Owner's failure to deposit funds as required in connection with any Owner-initiated change orders, Owner shall



deposit the necessary funds into the Bond Proceeds Account in the Project Fund held by the Trustee.

**9.7 Other Owner Costs.** Notwithstanding anything to the contrary contained in this Agreement, all costs of every nature that constitute Other Owner Costs shall be the sole responsibility, cost and expense of Owner or Tenant, as applicable, pursuant to the Facilities Lease or Ground Lease. Owner further agrees that Developer shall have no responsibility or liability for any of the Other Owner Costs and Owner shall timely fund all Other Owner Costs and shall use commercially reasonable efforts to cause Tenant to fund all Other Owner Costs that are Tenant's responsibility pursuant to the Facilities Lease or Ground Lease.

**10. Other Services by Developer.** Services may be performed by the Developer at the written request of Owner which are not included as part of the Project. Such services shall be performed pursuant to a separate written agreement between Owner and Developer.

**11. Developer's Fee and Overhead Allowance.**

**11.1 Developer's Fee.** The Fixed Price includes a fee payable to Developer of [ \_\_\_\_\_ dollars (\$ \_\_\_\_\_)], which is an amount equal two and one-half percent (2.5%) of the Project Costs and, to the extent a Developer's Fee is payable pursuant to the definitions of Owner Discretionary Costs and Other Owner Costs, the 2.5% Developer's Fee shall also be paid with respect to Owner Discretionary Costs and Other Owner Costs, excluding the Developer's Fee, the Overhead Allowance and the Project Contingency (except to the extent that the Project Contingency is expended towards Project Costs). Any change in the work initiated by Owner in accordance with Section 8.3 shall (a) increase the Developer's Fee in an amount calculated as two and one-half percent (2.5%) of the cost of any such change in the work, and (b) to the extent that such change in the work extends the Project Schedule, increase the Overhead Allowance as may be appropriate due to such extension as mutually agreed to by Owner and Developer.

**11.2 Overhead Allowance.** Developer shall also be paid an Overhead Allowance in connection with the work in the amount of \$[4,565,407], payable in installments of \$[152,180.23] per month from [July 2024] (the commencement of pre-construction activity for the Project) through the earlier to occur of (i) occupancy of the Project by Tenant or (ii) full payment of the amount of \$[4,565,407] (which amount shall not be changed notwithstanding any change to the Fixed Price). Such amount shall be paid to Developer as follows:

(a) In the initial Project Application for Payment following Bond Closing, an amount equal to \$[152,180.23] multiplied by the number of months elapsed from July 2024 to the date of the Bond Closing;

(b) With each monthly Project Application for Payment prior to Final Acceptance, \$[152,180.23] (not to exceed in the aggregate, including the payment following Bond Closing, the sum of \$[4,565,407], except as may be increased in accordance with Section 11.1(b)); and

(c) Any unpaid balance shall be paid with the Final Payment.

**11.3 Payment of Developer’s Fee.** As part of a Project Application for Payment, Developer shall be entitled to a portion of the Developer’s Fee based upon achievement of the Project milestones set forth below. If the hard costs incurred as of a date a milestone is achieved exceed the budgeted percentage of hard costs, as set forth below, after application of the Project Contingency, Developer shall not be entitled to draw that portion of its Developer’s Fee equal to such excess until the next milestone is achieved, and then only if the hard costs incurred as of such milestone do not exceed the budgeted percentage of hard costs to be incurred by such milestone date after application of the Project Contingency. Any unpaid portion of the Developer’s Fee shall be paid with the Final Payment.

<b>Project Completion Milestones</b>	<b>Percentage of Developer’s Fee Payable</b>
Upon commencement of construction	10.0%
25%*	20.0%
50%*	35.0%
75%*	50.0%
Substantial Completion of the Project	90.0%
Final Acceptance	97.5%
LEED Certification	100.0%

**TOTAL MILESTONE FEES \$[4,565,407]**

\* Percentage of Project completion to be calculated as the percentage of hard construction costs approved for disbursement divided by the total of all such hard construction costs as shown in the Project Budget; provided, however, that Developer shall be entitled to such payment only to the extent the hard costs incurred as of any such milestone dates do not exceed the hard costs budgeted (after application of the Project Contingency) to be incurred as of such milestone dates. The final installment of the Developer’s Fee shall be paid to Developer as provided in Section 4.7.

**12. Completion of the Project.**

**12.1 Substantial Completion of the Project.** “Substantial Completion of the Project” shall have occurred when all of the following events have occurred:

(1) Developer has notified Owner and Tenant in writing that the Project, including all Tenant Improvements, is Substantially Complete in substantial accordance with the Contract Documents, subject only to the completion of normal Punch List items and activities required for LEED Gold certification (or as otherwise agreed by Owner and Tenant);

(2) 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 Project for its Permitted Use;

(3) The County has issued a temporary or final certificate of occupancy or other approval sufficient for initial occupancy of the Project 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 Project for its Permitted Use; provided, however, if (i) the certificate of occupancy is not issued solely because of Tenant's failure to install Tenant's Personal Property and/or any portion of the Financed FF&E to be installed by Tenant, in accordance with Exhibit N and the latest agreed upon schedule (but, if Tenant has not been provided with appropriate access rights to perform and complete the installation, then Tenant will be excused for every day it was not provided access) and (ii) Owner has given Tenant written notice of such failure, with enough detail for Tenant to reasonably understand the failure, at least ten (10) Business Days prior to the deemed Substantial Completion Date, then this condition shall be deemed satisfied;

(4) General 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 Owner, with Tenant's Concurrence, from such materialmen, laborers, contractors and subcontractors as Owner, with Tenant's Concurrence, may reasonably require;

(5) Access to the Project has undergone inspection by a "Certified Access Specialist" and has been determined pursuant to such inspection to meet all applicable construction-related accessibility standards under California Civil Code Section 55.53, and Owner has so certified to Tenant pursuant to California Civil Code Section 1938;

(6) Owner, with Tenant's Concurrence, has accepted the Project as Substantially Complete (which acceptance by Owner and concurrence by Tenant shall not be unreasonably withheld, conditioned or delayed and will presumptively be granted if items (1) through (5) have been satisfied), subject to completion of the Punch List items agreed upon by Owner, with Tenant's Concurrence;

(7) Owner shall, or shall cause Developer to, have caused a Notice of Completion under California Civil Code Section 8190 to be recorded with respect to the Project.

(8) Notwithstanding that Substantial Completion of the Project shall have occurred, Owner shall be entitled to provide Developer with a Punch List.

Until Substantial Completion of the Project has occurred, Owner shall not occupy the Project and shall prohibit Tenant or any other party from occupying the Project; provided, however, that limited use of the Project for storage, move-in or installation of Tenant's Personal Property by either Owner or Tenant when such use is approved by Developer, such approval not to be unreasonably withheld, shall not be deemed to be occupancy.

**12.2 Notice of Substantial Completion.** Developer shall give notice in writing to Owner and Tenant at least thirty (30) days prior to the date upon which Developer anticipates that Substantial Completion of the Project will be achieved. During the fifteen (15) Business Day period after the delivery of the estimated completion notice, Owner, Developer, General Contractor, and Tenant shall meet on one or more occasions, if necessary, and tour to inspect and review the Project to determine whether it is Substantially Complete. The parties

shall prepare the Punch List to be completed prior to Final Acceptance. The completion of the Punch List shall not be required in order for the Project to be Substantially Complete.

**12.3 Completion of Punch List Items.** Following Substantial Completion of the Project, Developer shall cause all Punch List items to be completed promptly (and in all events within sixty (60) days after Substantial Completion of the Project) in accordance with the Contract Documents. Developer shall coordinate the performance of any such Punch List work to avoid any unreasonable hindrance to Tenant's installation of Tenant's Personal Property and its occupancy of the Project.

**12.4 Final Acceptance.** Upon Final Acceptance, Developer shall be entitled to payment of the balance of Developer's Fee less the amount held back for LEED certification, as well as all other Project Costs incurred in connection with the work, but not to exceed the Fixed Price. Developer shall give notice in writing to Owner at least thirty (30) days prior to the date upon which the Project shall be ready for Final Acceptance. "**Final Acceptance**" means that all of the following items have occurred with respect to the Project:

(a) The County has issued all certificates of occupancy for the Project; provided, however, if issuance of a certificate of occupancy is subject to completion of installation of Tenant's Personal Property, then this condition shall be deemed satisfied.

(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 Owner with Tenant's Concurrence, from all Contractors and subcontractors who have performed work on site.

(c) All Punch List items for the Project have been completed to the reasonable satisfaction of Owner with Tenant's Concurrence; provided that Owner with Tenant's Concurrence, may consent to Final Acceptance prior to completion of all Punch List items, if (i) Owner and Developer have agreed upon the estimated cost of any Punch List items remaining to be completed and (ii) 150% of such estimated costs are withheld by the Trustee in the Project Fund until the Punch List items have been completed to the reasonable satisfaction of Owner with Tenant's Concurrence. When the Punch List items have been completed, and Developer has so notified Owner, upon Owner's reasonable satisfaction (with Tenant's Concurrence) that such Punch List items have been completed, Owner shall deliver its requisition to the Trustee for payment of such funds being withheld by Trustee.

(d) Developer has submitted its application for Final Payment together with evidence reasonably satisfactory to Owner (with Tenant's Concurrence) that all construction costs for the Project have been paid in full including evidence of full payment for any personal property installed on the Premises 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 (as permitted under Section 19) of construction liens in form and substance satisfactory to Owner (with Tenant's Concurrence) have been obtained by Developer from all Contractors in accordance with all Construction Contracts

and from such laborers, Contractors and subcontractors performing work on site as Owner, with Tenant's Concurrence, may require.

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

(g) General Contractor has issued a certificate that the Project has been finally completed in substantial accordance with the Contract Documents and no Hazardous Substances were incorporated into the structure of the Project (other than as set forth in the Construction Documents).

(h) Developer has delivered to Owner 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 Fee.

(i) Owner, Tenant and Trustee have each received an updated title commitment dated at least ninety (90) days after Substantial Completion, that (i) confirms that no liens for labor or materials have arisen in connection with the construction of the Project, and (ii) shows no additional exceptions to such title policy other than those approved by or arising through Owner (with Tenant's Concurrence).

(j) Developer shall have delivered to Owner and Tenant its affidavit that the Construction Contracts for the Project required the Contractors under those contracts and their subcontractors to pay prevailing wage in accordance with Section 7.4.

(k) The Civic Art has been installed.

(l) Developer shall have submitted the initial applications, supporting documents, and other materials needed to obtain LEED Gold certification (or as otherwise agreed by Owner and Tenant).

**12.5 Approval of Final Project Application for Payment.** Upon delivery of Developer's final Project Application for Payment and other materials set forth above, Owner with Tenant's Concurrence shall, acting reasonably and in good faith, review and approve the final Project Application for Payment on or before that period expiring fourteen (14) Business Days after receipt of the final Project Application for Payment, receipt of notice from Developer that the Punch List matters are complete (except those items permitted to remain outstanding pursuant to Section 12.4(c), and Owner's receipt of the materials set forth in Section 14. In the event no comments are received within said fourteen (14) Business Day period, Owner shall be deemed to have waived its right to comment on the final Project Application for Payment or to disapprove the completion of the Punch List, except those items permitted to remain outstanding pursuant to Section 12.4 (c). If Owner disapproves the final Project Application for Payment or completion of the Punch List, or any portion thereof, Owner shall provide detailed written comments explaining the nature of the disapproval; whereupon, Developer and Owner shall meet within two (2) Business Days to determine mutually acceptable revisions to the final Project Application for Payment and the completion of the Punch List. Failure of Developer and Owner

to determine mutually acceptable revisions to the final Project Application for Payment and the completion of the Punch List within the two (2) Business Day period, shall entitle either Owner or Developer to commence the dispute resolution process described in Section 24. Failure to reach agreement on the amount of the Developer’s final Project Application for Payment which is approved for payment shall in no way release Developer from its duties and obligations under this Agreement.

**12.6 Requisition of Final Payment.** Owner shall execute and deliver the requisition for Final Payment to the Trustee within one (1) Business Day following expiration of said fourteen (14) Business Day period, or if Owner disapproves of the final Project Application for Payment, then within one (1) Business Day after the date of approval of the mutually acceptable revisions to the final Project Application for Payment or the determination of the dispute resolution process, if applicable. Subject to the provisions for disbursement of unused contingency funds in Section 12.7, Owner shall take all steps to cause the Trustee to disburse the remaining money in the Bond Proceeds Account in the Project Fund, except for (1) any money withheld for completion of the Punch List items under Section 12.4(c), and (2) the installment of the Developer’s Fee that is reserved for payment only upon a LEED certification, but in any event not more than the Fixed Price, in the amount shown on such requisition within one (1) Business Day of Trustee’s receipt of such requisition. In addition, Owner shall in such requisition direct payment of the unexpended Project Contingency and of the remaining Developer’s Fee in accordance with the provisions of Sections 11.3 and 12.8.

**12.7 Disbursement of Project Contingency; Incentive Fee.** Subject to allocation of the Project Contingency by Developer to pay for Project Costs pursuant to Section 7.7, if all or some portion of the Project Contingency (as such amount may be increased or decreased in accordance with the terms of this Agreement) is not used for Project Costs, then a portion of the unused Project Contingency shall be paid as an incentive fee to Developer as part of the Final Payment, and the remainder shall be paid as set forth in the Indenture, as follows:

<b>Amounts of Unused Project Contingency</b>	<b>% Payable to Developer</b>	<b>% Payable per Indenture</b>
Amounts up to \$10,000,000	50.0%	50.0%
Amounts in excess of \$10,000,000	0.0%	100.0%

NOTE: In no event shall Developer’s Incentive Fee exceed Five Million Dollars (\$5,000,000).

**13. Developer Representations; Warranties.** Upon Substantial Completion of the Project, Developer shall represent and warrant to Owner in writing as follows:

(a) The Project has been completed in substantial accordance with the Contract Documents (as revised by Project change orders pursuant to Section 8) and is, and at all times during the Warranty Period shall be, free from defects in workmanship and materials in connection with the construction thereof.

(b) Developer has no knowledge of any structural defects, latent defects or building systems defects within the Project.

(c) The Project has been constructed in accordance with all Requirements of Law, all Permits and all insurance laws, regulations and requirements in effect at the time of construction of the Project.

(d) The Project is served by water, storm and sanitary sewage facilities, telephone, electricity, fire protection and other required public utilities adequate to serve the Project at the time of Substantial Completion of the Project.

(e) General Contractor and all other Contractors, suppliers, materialmen and consultants have (subject to Owner's payment of the Fixed Price and Owner's timely payment of all other amounts that are the responsibility of Owner) been paid in full for work related to construction of the Project billed to date (to the extent such costs are Project Costs) and there are no liens, encumbrances or other defects affecting title to the Premises which has been or will be filed against the Premises and/or the Project with respect thereto, or if any such lien has been filed, Developer or General Contractor shall have arranged for a bond to remove such lien in accordance with Section 19.

(f) Developer is not aware of any physical defect in the Premises or the Project which would prevent Owner from leasing the Project to Tenant for the Permitted Use.

(g) The use and operation of the Project for the Permitted Use is permitted under applicable municipal codes.

(h) To the best of Developer's knowledge and except as disclosed in writing there are no condemnation, environmental, zoning or other land use regulation proceedings currently instituted which could detrimentally affect the use and operation of the Project for its intended purpose. If during the term of this Agreement any such proceedings have been instituted, Developer shall have used its best efforts and due diligence to resolve them prior to Substantial Completion of the Project.

(i) Developer has provided Owner with prompt notice of any special assessment proceedings affecting the Premises known by Developer.

(j) Except as disclosed to Owner in writing prior to the Bond Closing or as otherwise approved by Owner, the Project does not encroach onto adjoining land or onto any easements and there are no encroachments of improvements from adjoining land onto the Premises, except as otherwise provided in a reciprocal easement agreement to which the Premises and such adjoining land are subject. The location of the Project does not violate any applicable setback requirements. The Premises is not located in a flood zone.

(k) Except as disclosed to Owner in writing, there is no litigation pending, or to the best knowledge of Developer, threatened, with respect to the Project for matters undertaken by Developer under this Agreement.

(l) To the best of Developer's knowledge and except as disclosed in writing, (i) no Hazardous Substances have been released following the Effective Date in, on, under or affecting the Premises or the Project and any such Hazardous Substance which has been so released has been remediated in accordance with applicable law and (ii) no Hazardous Substances have been incorporated into the structure of the Project except as may be required in construction of the Project and only to the extent permitted by Laws.

(m) Prior to Substantial Completion of the Project, Developer has caused to be removed or remediated and properly disposed of all known Hazardous Substances requiring removal or remediation first existing on the Premises following the Commencement of Construction and if applicable, received a no further action letter from the appropriate governmental agency with respect to such Hazardous Substances.

(n) To the best of Developer's knowledge, all Permits necessary for the construction and occupancy of the Project have been obtained and are in full force and effect.

Each of the foregoing warranties with respect to the Project (and any other warranties, if any, from Developer) shall expire and be of no further force or effect, unless Owner shall have made a claim based upon an alleged breach of such warranties by Developer on or before the expiration of the Warranty Period. In the event Owner alleges a breach of any of the foregoing warranties, Owner shall give Developer written notice of any such allegation together with a detailed explanation of the alleged breach ("**Owner's Warranty Claim**"). Developer shall, within thirty (30) days after receipt of an Owner's Warranty Claim, proceed to commence to cure the circumstances specified in such Owner's Warranty Claim, or provide Owner with written notice of Developer's dispute of such Owner's Warranty Claim. If Developer commences a cure or correction of the matter alleged in Owner's Warranty Claim, Developer shall proceed reasonably diligently and promptly to complete such cure or correction, and the Warranty Period for the particular matter shall be extended for the period necessary to complete cure or correction. Notwithstanding anything to the contrary contained in this Agreement, Owner agrees that in no event shall Developer have any liability or responsibility with respect to any of the foregoing warranties that are not accurate as a result of any negligent act or omission of Owner or Tenant or based on information known by Owner as of the date of this Agreement, or with respect to any such untrue representation or warranty that becomes untrue due to new facts and circumstances not previously known to, Developer as of the Effective Date and not within the reasonable control of Developer; provided that such new facts and circumstances have been disclosed in writing to Owner prior to the date of Substantial Completion, and do not prevent the occurrence of Substantial Completion.

**14. Developer Obligations.** On or before Final Acceptance of the Project, Developer shall obtain and submit to Owner, the following:

**14.1 As-Built Plans.** A complete set of final as-built plans and specifications for the Project prepared by General Contractor . Tenant Improvements will be provided on CAD.



**14.2 Manuals.** All technical and service, instruction and procedure manuals relating to the operation and maintenance of all HVAC systems and other mechanical devices and equipment installed in the Project, except insofar as relating to Tenant's Personal Property.

**14.3 Warranties.** An assignment (on a non-exclusive basis) and delivery of all warranties, guarantees, maintenance contracts, and machinery and equipment warranties received by Developer from General Contractor or any subcontractor thereof, or any supplier, materialmen or manufacturer relating to the Project; provided, however, that so long as Developer's warranty set forth in Section 13 remains in effect, Developer reserves the right, notwithstanding the assignment and delivery of such warranties hereunder to Owner, to fully enforce all such warranties in the place and stead of Owner.

**14.4 Permits and Licenses.** The originals (if not posted at the Project) of all Permits, licenses and other approvals necessary for the occupation, use and operation of the Project.

**14.5 As-Built Survey.** An as-built Survey of the Premises showing the location of all improvements constructed thereon.

## **15. Indemnification.**

**15.1 Developer's Indemnification.** The Developer shall protect, defend, indemnify, and save harmless the Owner, Trustee, Tenant, and their respective officers, officials, employees, and agents, from and against any and all liability, demands, liens, damages, claims, causes of action, expenses, and fees (including reasonable attorneys' fees and costs and expert witness fees) for bodily injury, property damage, and death (hereinafter collectively referred to as "**Liabilities**"), to the extent arising out of or in any way resulting from the Developer's officers, employees and/or agents negligence, willful misconduct, or Event of Default under this Agreement, to the maximum extent permitted by law.

Developer's obligations under this Section 15 shall, except for third-party claims for personal injury, expire at the end of the Warranty Period. Developer's obligations under this Section 15 with respect to third-party claims for personal injury shall remain in full force and effect and survive the termination and/or expiration of this Agreement. Such obligations shall include, but not be limited to:

(a) The duty to promptly accept tender of defense and provide defense to Owner, Trustee and Tenant at Developer's own expense.

(b) The duty to indemnify and defend Owner, Tenant and Trustee from any such claim, demand, and/or cause of action brought by or on behalf of any of Developer's employees, or agents, including attorneys' fees, expert costs and expenses. The foregoing duty is specifically and expressly intended to constitute a waiver of Developer's immunity under the Labor Code of the State of California, as respects the Owner, Trustee and Tenant only, with a full and complete indemnity and defense of claims made by Developer's employees. The parties acknowledge that these provisions were mutually negotiated and agreed upon by them.

(c) To the maximum extent permitted by law, Developer shall indemnify and defend Owner, Trustee and Tenant from and be liable for all damages and injury which shall be caused to owners of property on or in the vicinity of the construction of the Project or which shall occur to any person or persons or property whatsoever arising out of or in any way resulting from the Developer's officers, employees and/or agents of all tiers, negligence, willful misconduct or Event of Default under this Agreement.

(d) In the event the Owner, Tenant or Trustee incurs any judgment, award, and/or costs arising from any claim to which they are entitled to be indemnified hereunder, including attorneys' fees, to enforce the provisions of this Section, all such reasonable fees, expenses, and costs shall be recoverable from the Developer.

Notwithstanding the provisions contained in this subsection above, Developer's obligation to indemnify Owner, Tenant and Trustee shall not extend to any claim, demand or cause of action to the extent caused by or arising out of the negligence, intentional acts, willful misconduct, or breach of this Agreement by Owner, Trustee, Tenant or their respective agents or employees. Furthermore, Owner and Developer hereby mutually release each other from liability and waive all rights of recovery against each other for any loss from perils insured against under the builder's risk insurance policy to be carried by Owner pursuant to Exhibit G.

(e) Developer is not, and shall not act as, a design professional hereunder. However, Developer shall facilitate the negotiation of the contract(s) between Owner and any design professional retained in connection with the Project to contain a clause whereby the design professional shall indemnify, defend and hold harmless Owner, Tenant and Trustee from and against any and all Liabilities that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of such Design Professional for the performance of professional services pertaining to the Project.

**15.2 Owner's Indemnification.** Owner shall protect, defend, indemnify, and save harmless Developer, Trustee, Tenant and its respective officers, officials, employees, and agents, from and against any and all Liabilities to the extent arising out of or in any way resulting from the Owner's officers, employees and/or agents negligence, willful misconduct, or Event of Default under this Agreement, to the maximum extent permitted by law. Owner's obligations under this Section 15 shall, except for third party claims for personal injury, expire at the end of the Warranty Period. Owner's obligations under this Section 15 with respect to third party claims for personal injury shall remain in full force and effect and survive the termination and/or expiration of this Agreement. Owner's indemnification obligations shall include, but not be limited to:

(a) The duty to promptly accept tender of defense and provide defense to Developer, Trustee and Tenant at Owner's own expense.

(b) The duty to indemnify and defend Developer, Trustee and Tenant from any such claim, demand, and/or cause of action brought by or on behalf of any of Owner's employees, or agents, including attorneys' fees, expert costs and expenses. The foregoing duty is specifically and expressly intended to constitute a waiver of Owner's immunity under the Labor Code of the State of California, as respects the Developer, Tenant and Trustee only, with a full

and complete indemnity and defense of claims made by Owner's employees. The parties acknowledge that these provisions were mutually negotiated and agreed upon by them.

(c) To the maximum extent permitted by law, Owner shall indemnify and defend Developer, Trustee and Tenant from and be liable for all damages and injury which shall be caused to owners of property on or in the vicinity of the construction of the Project or which shall occur to any person or persons or property whatsoever arising out of or in any way resulting from the Owner's officers, employees and/or agents of all tiers, negligence, willful misconduct or Event of Default under this Agreement.

(d) In the event the Developer, Trustee or Tenant incurs any judgment, award, and/or costs arising from any claim to which they are entitled to be indemnified hereunder, including attorneys' fees, to enforce the provisions of this Section, all such reasonable fees, expenses, and costs shall be recoverable from the Owner.

Notwithstanding the foregoing, Owner's obligation to indemnify Developer, Trustee and Tenant shall not extend to any claim, demand or cause of action to the extent caused by Developer's negligence, intentional acts or breach of this Agreement.

**15.3 Notice of Claim.** Any party making a claim for indemnification pursuant to this Section 15 (an "**Indemnified Party**") must give the party from whom indemnification is sought (an "**Indemnifying Party**") written notice of such claim (an "**Indemnification Claim Notice**") promptly after the Indemnified Party receives any written notice of any action, lawsuit, proceeding, investigation or other claim against or involving the Indemnified Party by a government entity or other third party, or otherwise discovers the liability, obligation or facts giving rise to such claim for indemnification; provided that the failure to notify or delay in notifying an Indemnifying Party will not relieve the Indemnifying Party of its obligations pursuant to this Section 15 except to the extent that the Indemnifying Party's ability to defend against such claim is actually prejudiced thereby. Such notice shall contain a description of the claim and the nature and amount of such loss (to the extent that the nature and amount of such loss is known at such time).

## **16. Insurance Requirements.**

**16.1 Developer's Insurance.** By the Effective Date, Developer shall procure and maintain, at a minimum, for the duration of this Agreement insurance against claims for injuries to persons or damages to the Project which may arise from, or in connection with the performance of work hereunder by the Developer, its agents, representatives and/or employees in accordance with the requirements of Exhibit G. The cost of such insurance shall be a Project Cost.

**16.2 Owner's Insurance.** By the Effective Date, Owner shall procure and maintain for the duration of this Agreement, insurance against claims for injuries to persons or damages to the Project which may arise from, or in connection with the performance of work hereunder by the Owner, its agents, representatives and/or employees. The cost of such insurance shall be paid by the Owner. Owner's insurance shall meet the minimum requirements set forth in Exhibit K of the Facilities Lease and will name Developer and affiliated companies

as Additional Insureds on applicable policies for the Owners indemnification obligations to Developer in this agreement.

**16.3 Verification of Coverage.** Each Party shall furnish the other with certificates of insurance and endorsements required by this Agreement. The certificates and endorsements for each policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. The certificates and endorsements are to be on forms reasonably approved by the other Party and are to be received and approved by such other Party prior to the commencement of activities associated with this Agreement. Each Party reserves the right to require complete certified copies of all required policies at any time.

**16.4 Builder's Risk Insurance.** Unless Owner, Developer and General Contractor agree that such Contractor shall be responsible for procuring builder's risk insurance coverage for the Project, Owner shall be responsible therefor. Such insurance shall be written on an "all risk" or "open perils" basis. The premium for such insurance shall be an Other Owner Cost. The builder's risk insurance shall cover all work to be done on the Project for the full 100% replacement cost of all such improvements.

(a) Coverage shall be provided for (i) losses on an all-risk basis and shall include, without limitation, insurance against the perils of fire (with extended coverage) and physical loss or damage including, without duplication of coverage, theft, vandalism, malicious mischief, collapse, boiler explosion, and sprinkler coverage; (ii) the perils of earth movement and flood so long as such coverage is available at commercially reasonable cost and in coverage amounts that are commercially available; (iii) resultant damage from errors in design, plans, specifications, faulty workmanship, materials and construction; (iv) "extra expense"; (v) all materials to be stored offsite and while in transit to the jobsite; (vi) "cold testing" of all building systems; (vii) Owner's, Tenant'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 (for at least twenty-four (24) months) and soft costs such as interest on the Bonds, real estate taxes and insurance premiums; (viii) the increased cost of construction, debris removal and demolition due to the operation of building laws and code upgrades; and (ix) direct physical damage to the Project and loss of use caused by an off premises power interruption.

(b) Coverage shall not be provided for Tenant's Personal Property.

(c) 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.

(d) Owner shall have the required builder's risk insurance coverage in place no later than commencement of construction of the Project. The policy shall include Developer, General Contractor and its subcontractors, Owner, and Tenant as insureds in an amount equal to their interest with a loss payable clause in favor of Trustee. Owner shall keep the builder's risk policy in place from commencement of construction to the Substantial Completion Date.

## **17. Representatives.**

**17.1 Developer Representatives.** Developer shall consult with Owner on initial assignments of personnel assigned to the Project. Owner agrees that the persons with overall responsibility for the work for the Project for the Developer shall be Greg Ames. The Project Manager shall be Nancy Moses. Owner shall have the right to approve any changes in the personnel named above, such approval not to be unreasonably withheld.

**17.2 Owner Representative.** Owner designates John Finke as the “**Owner’s Representative**” authorized to act on the Owner’s behalf with respect to the Project. Owner shall promptly render decisions to avoid delay in the orderly process of design and construction of the Project. Owner shall communicate with the Contractor only through Developer. Owner’s Representative may be changed by Owner from time to time.

**17.3 Tenant Representative.** Owner hereby confirms that Tenant’s Construction Representative (as defined in the Facilities Lease) is authorized to act on the Tenant’s behalf with respect to the Project. Owner shall cause Tenant to promptly render any decisions required of Tenant to avoid delay in the orderly process of design and construction of the Project.

## **18. Accounting, Inspection and Audit.**

**18.1 Accounts.** Developer shall keep such full and detailed accounts as may be necessary for proper financial management under this Agreement.

**18.2 Inspection and Audit.** Owner and/or Tenant may, each at their sole discretion or by request of Tenant, from time to time whether before or after Final Acceptance or termination of this Agreement, inspect all books and records of Developer or any Contractor relating to the Project and/or elect to have an audit conducted to verify Project Costs through the date of the latest progress payment. If Owner and/or Tenant so elects to conduct such an audit, it shall give notice to Developer, and such audit shall be conducted as soon as is reasonably feasible thereafter, but progress payments to Developer shall not be delayed pending the outcome of the audit. Such audit shall be conducted by an auditor selected by Owner and Tenant, and Owner and/or Tenant shall, except as hereinafter provided, pay the cost of such audit. Developer agrees to cooperate with the auditor and make available for examination at its principal office all of its books, records, correspondence and other documents deemed necessary to conduct the audit by the auditor. If the audit reveals a variation of one percent (1%) or more of the then Project Costs, Developer shall pay the cost of the audit, not to exceed Ten Thousand Dollars (\$10,000).

**18.3 Preservation of Records.** Developer shall preserve all records for a period of six (6) years after Final Payment hereunder; provided, however, if at any time prior to the expiration of ten (10) years after Final Payment, Developer proposes to dispose of any Contract Documents related to the Project, Developer shall deliver the same to Owner for disposition by Owner.

**19. Construction Liens.** Upon Final Acceptance of the Project and upon Owner’s request during the progress of the Project, Developer shall submit evidence that all payrolls,

material bills and other indebtedness relating to the work have been paid (subject to Owner's timely funding the Fixed Price and all other costs that are the responsibility of Owner). If at any time there shall be appropriate evidence of any lien or claim for which, if established, Owner shall be liable, or which would constitute a lien on the Project, and which is chargeable to and the responsibility of Developer, then provided that Owner has timely funded the Fixed Price and all other costs that are the responsibility of Owner under this Agreement, upon written request by Owner, Developer or Contractor shall furnish a bond or other assurance in form and amount satisfactory to remove such lien from the public records. If any potential lien claimant gives notice to Trustee in accordance with the provisions of applicable law that it has filed a mechanics' lien against the Project and such lien is the responsibility of Developer in accordance with the previous provisions of this Section 19, there shall be no further disbursement of Bond proceeds until Developer shall have provided Trustee and Owner with a bond or other security in accordance with applicable law, to the amount claimed under the lien or notice until resolution of such dispute and payment of such lien, agreement with such potential lien claimant that such notice is withdrawn, or a court declaration that such notice is void in accordance with the provisions of applicable law. Developer shall notify Owner, Tenant and Trustee upon Developer's knowledge of the filing of any lien or the service of any notice in connection with the Project.

**20. Priority Agreements.** To the extent permissible under California law, Developer shall require General Contractor to subordinate its lien rights, by agreement in form and substance satisfactory to Owner, to the lien of mortgage(s) securing the Bonds in favor of Trustee and its respective successors or assigns, and shall use its best efforts to obtain a similar subordination from all subcontractors under this Agreement. Any subcontractor which refuses to so subordinate its lien rights must be specifically approved in writing by Owner.

**21. Damage and Destruction; Condemnation.**

**21.1 Damage and Destruction.** After the happening of any casualty to the Project, Developer shall give Owner, Tenant and Trustee prompt written notice thereof generally describing the nature and cause of such casualty and the extent of the damage or destruction to the Project. Developer and Owner acknowledge, agree and assign all insurance proceeds which Developer or Owner may be entitled to receive prior to Final Acceptance of the Project with respect to damage or destruction to the Project to Trustee for deposit into the Non-Bond Proceeds Account, pursuant to Section 4.01 of the Indenture held by Trustee under the Indenture, and the insurance carrier is hereby irrevocably instructed in accordance herewith. Such insurance proceeds shall be used to pay Project Costs, including increases in the Project Costs caused by such casualty so long as such use is permitted by the Indenture. If, prior to the Substantial Completion of the Project, damage or destruction occurs to the Project, Developer shall proceed diligently to reconstruct and restore the Project in accordance with the Contract Documents and the provisions of this Agreement. Insurance proceeds deposited in the Non-Bond Proceeds Account, pursuant to Section 4.02 of Indenture shall be disbursed to Developer in accordance with the provisions of Section 9 for payment of progress payments for payment of the costs to repair and restore the Project. All costs of such repair or restoration of the Project exceeding the amount of the insurance proceeds shall be paid in accordance with the Facilities Lease, and Developer shall not be responsible for any such costs.

## **21.2 Condemnation.**

(a) 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 Section 4.02 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 restoration is possible or a reasonable use can be made of the Premises without restoration, then the condemnation proceeds shall be paid to Trustee who shall, as applicable, (i) deposit such condemnation proceeds into the Capital Repairs Fund (as defined in the Indenture) and shall disburse such condemnation proceeds to Owner from time to time as restoration progresses, or (ii) deposit such condemnation proceeds in the Bond Fund (as defined in the Indenture) to be used to repay or defease Bonds.

(b) 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 Owner 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, the entire award with respect to a taking of the Premises (including Tenant’s leasehold estate under the Facilities Lease) shall be paid to Trustee and applied at Tenant’s direction to repay or defease Bonds or to reimburse Trustee for any costs incurred by Trustee for which it is entitled to reimbursement under the Indenture. Any Condemnation proceeds remaining after Bonds have been paid in full shall be paid to Tenant.

## **22. Payment of Taxes/Assessments.**

**22.1 Real Property Taxes.** Any and all real property taxes and assessments (including leasehold excise tax) levied against the Premises and the Project or any portion thereof shall be paid by Owner. Notwithstanding anything to the contrary contained in this Agreement, Developer shall have no liability whatsoever for any real property taxes or assessments (including any leasehold excise tax).

**22.2 Other State and Local Taxes.** Except as otherwise provided in Section 22.1, Developer shall pay any and all state and local taxes assessed in connection with the Project, including, but not limited to, state and local retail sales taxes as part of the Fixed Price. Developer shall complete all necessary tax returns relating to such taxes and file the same with the applicable state or local governmental agency and remit, on or before the date such tax payment is due, payment of such state and local taxes to the proper taxing authority.

## **23. Default.**

**23.1 Developer Default.** The following events shall constitute an “**Event of Default**” by Developer if the same shall continue uncured after expiration of the applicable notice and cure period set forth in Section 23.2:

(a) If Developer shall fail to perform any material obligation under this Agreement;

(b) If Developer persistently or repeatedly refuses or fails to cause to be supplied to the Project enough properly skilled workers or proper materials to complete the Project, including Tenant Improvements, or if Developer ceases work on the Project for a period of fourteen (14) consecutive days (subject to Unavoidable Delays);

(c) If Developer misappropriates any funds received by Developer pursuant to the provisions of this Agreement;

(d) If Developer persistently disregards and fails to comply with laws, ordinances or rules, regulations or orders of a public authority having jurisdiction over the Project;

(e) If, due to the wrongful actions of Developer, any Permit required for construction of the Project shall be revoked or canceled;

(f) If there shall occur any lien or other encumbrance on the Premises or the Project caused by Developer which is not bonded and removed in accordance with Section 19 above;

(g) If there shall have occurred defective workmanship or materials within the Project which is not cured within the time period provided in Section 7.11;

(h) If Developer shall have assigned, pledged or encumbered its rights, duties or obligations under this Agreement in violation of Section 25.6;

(i) If any warranty made by Developer as set forth in Section 13 shall be untrue or breached in any material respect;

(j) If Developer abandons the Project during the term of this Agreement; or

(k) If Developer files a petition for bankruptcy or if it makes a general assignment for the benefit of Developer's creditors, or if a receiver is appointed on account of Developer's insolvency and any such petition or appointment is not dismissed within sixty (60) days.

**23.2 Owner Remedies upon Developer Event of Default.** Upon any Event of Default by Developer, Owner shall give Developer written notice of the same, whereupon following receipt of such written notice Developer shall have thirty (30) days within which to commence all necessary action to cure any such Event of Default, (and if such cure is commenced, proceed to diligently complete such cure within a reasonable period of time), except with respect to Events of Default set forth in Section 23.1(h) for which the cure period shall be ten (10) Business Days, or Section 23.1(k) for which no cure period exists beyond the time period stated therein; provided however, that such cure period shall not apply to failure of Developer to achieve Substantial Completion of the Project on or before the Developer



Obligation Date for the Project. In the event Developer fails to cure such Event of Default within the time period set forth above, Owner shall be entitled to the following remedies:

(a) To take over and complete the Project. Owner is hereby irrevocably appointed attorney-in-fact (the appointment being coupled with an interest) to enforce contracts or agreements theretofore made by Developer and to do any and all things that are necessary and proper to complete the Project and be entitled to use the undisbursed Project Fund proceeds to pay Project Costs;

(b) In addition to a claim for damages for such breach or default, and in addition to and without prejudice to any other right or remedy available under this Agreement or at law or in equity, to commence an action for specific performance of this Agreement;

(c) To withhold approval of further disbursement of Bond proceeds;

(d) To bring an action for damages; or

(e) To terminate this Agreement without liability upon ten (10) days written notice.

**23.3 Owner Default.** The following shall constitute an “Event of Default” by Owner:

(a) Owner fails to cause Trustee to make disbursements to Developer of any sum of money owed to Developer pursuant to this Agreement as and when due, including without limitation, all monies due and owing from the Bond Proceeds Account in the Project Fund unless Developer shall have committed an Event of Default as set forth in Section 23.1;

(b) Owner shall have assigned, pledged or encumbered its rights, duties or obligations under this Agreement in violation of Section 25.6; or

(c) Owner shall have failed to perform any other material obligation under this Agreement.

**23.4 Developer Remedies upon Owner Event of Default.** Upon any Event of Default by Owner, Developer shall give Owner written notice of the same. Upon receipt of such written notice Owner shall have ten (10) Business Days to cure any such Event of Default. In the event Owner fails to cure such Event of Default within said ten (10) Business Day period, Developer shall be entitled to stop all work relating to the Project, if Developer so desires and shall further be entitled to pursue its rights and remedies at law and in equity under this Agreement, including without limitation, specific performance of Owner’s obligations hereunder.

**23.5 Remedies Not Exclusive.** No remedy conferred upon either Party in this Agreement is intended to be exclusive of any other remedy herein or by law provided or permitted, but each shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

**23.6 Limitation on Liability.** Notwithstanding anything to the contrary contained in this Agreement, in no event and under no circumstances shall Developer's liability under this Agreement or in connection with the Project exceed the cumulative amount of (a) the Developer's Fee and (b) any and all available insurance coverage; provided, however, to the extent that such liability is caused by Developer's gross negligence, abandonment of the Project, or willful misconduct, the limitation of liability set forth in this Section 23.6 shall not apply.

**24. Disputes.** Owner and Developer agree to follow the independent resolution process set forth in this Section 24 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 Agreement, 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 Owner and Developer 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 the Trustee, refer the matter to a dispute resolution mediation as set forth on the attached Exhibit H. In the event that either Party to this Agreement brings an action to enforce the terms hereof or declare rights hereunder, the prevailing Party in any such action or dispute shall be entitled to recover its reasonable attorneys' fees from the non-prevailing Party.

**25. Miscellaneous.**

**25.1 Waiver.** Any waiver by either of the Parties of any breach of any covenant herein contained to be kept and performed by the other Party shall not be deemed or considered as a continuing waiver, and shall not operate to bar or prevent the damaged Party from declaring a forfeiture for any succeeding breach, either of the same condition or covenant or otherwise.

**25.2 Neutral Authorship.** In connection with the execution and delivery hereof, each Party has been represented by counsel. Each of the provisions of this Agreement has been reviewed and negotiated, and represents the combined work product of both Parties. No presumption or other rules of construction which would interpret the provisions of this Agreement in favor of or against the Party preparing the same shall be applicable in connection with the construction or interpretation of any of the provisions of this Agreement.

**25.3 Severability.** If any portion or portions of this Agreement is declared void or unenforceable, it shall not affect the other provisions of this Agreement.

**25.4 Relationship of Parties.** Developer and Owner shall not be construed as joint venturers or general partners, and neither shall have the power to bind or obligate the other party except as set forth in this Agreement. Nothing herein shall be construed as reserving to Owner the right to control Developer's business.

**25.5 Third Party Rights.** The provisions of this Agreement are intended for the benefit of, and may only be enforced by the Parties hereto and their respective successors and assigns, including, as to Owner, the Trustee and/or Tenant (as applicable). None of the rights or obligations of the Parties herein set forth (or implied) is intended to confer any claim, cause of action, remedy, defense, legal justification, indemnity, contribution claim, set-off, or other right whatsoever upon or otherwise inure to the benefit of any Contractor, Architect, subcontractor, worker, supplier, mechanic, architect, insurer, surety, guest, member of the public, or other third parties having dealings with either of the parties hereto or involved, in any manner, in the Project. Notwithstanding the foregoing, (i) if Developer fails to cause Substantial Completion of the Project to be achieved by the date set forth in the Project Schedule (subject to adjustment for Unavoidable Delays and Owner-Caused Delays as provided herein), or (ii) if Developer otherwise suffers an Event of Default which Developer does not cure within the allotted cure period, then Tenant shall be deemed a third party beneficiary of this Agreement and may enforce the performance by Developer of its obligations under this Agreement.

**25.6 Assignment; Encumbrance or Pledge.** Neither this Agreement nor any rights or duties hereunder nor any benefits derived from this Agreement may be assigned, delegated, pledged or encumbered to any other person or entity by either Party hereto without the express written consent of the other and Tenant, which consent may be withheld by either Party or Tenant in the exercise of its absolute discretion, except that Owner may assign its rights under this Agreement to the Trustee pursuant to the Indenture as security in connection with the financing described in Section 3.

**25.7 Notices.** All notices or requests required or permitted under this Lease shall be in writing, shall be (i) personally delivered, (ii) sent by certified or registered mail, return receipt requested, postage prepaid, or (iii) by nationally recognized overnight courier and shall be deemed given when so delivered or received. All notices or requests to any Party shall be sent to the other Party as follows:

Owner: Los Angeles County Facilities 2 Inc.  
c/o Public Facilities Group  
1700 Seventh Avenue  
Suite 2100, PMB 552  
Seattle, WA 98101  
Attn: John Finke

With a copy to:

Hillis Clark Martin & Peterson, P.S.  
999 Third Ave, Suite 4600  
Seattle, WA 98104  
Attn: Matthew W. Markovich

Developer: TC LA Development, Inc.  
2221 Rosecrans Ave, Suite 200  
El Segundo, CA 90245  
Attn: Greg Ames

Either Party may change its address for the purposes of this section by giving written notice of such change to the other party in the manner provided in this Section 25.7.

A copy of all notices, plans and specifications, change orders, invoices, documents or other agreements required to be delivered by one party to the other pursuant to this Agreement shall be simultaneously sent to Tenant at its address set forth below.

Tenant:  
County of Los Angeles  
Chief Executive Office- Real Estate Division  
320 W. Temple St., 7<sup>th</sup> Floor  
Los Angeles, CA 90012  
Attention: Senior Manager

With copies to:

Office of County Counsel  
County of Los Angeles  
500 West Temple St. 6th Floor  
Los Angeles, CA 90012-2932  
Attention: Behnaz Tashakorian

Chief Executive Office – Capital Projects  
County of Los Angeles  
500 West Temple St. Room 713  
Los Angeles, CA 90012  
Attention: Assistant Chief Executive Officer

Treasurer and Tax Collector – Public Finance  
County of Los Angeles  
500 West Temple St., Room 432  
Los Angeles, CA 90012

Anything contained in this Section 25.7 to the contrary notwithstanding, copies of notices (other than notices of default), plans and specifications, change orders, invoices, documents or other agreements required to be delivered by one Party to the other pursuant to this Agreement and any requests for approval or concurrence that may be required by this Agreement may be given to the Parties and Tenant by email to the email addresses set forth below or such other email addresses as a Party or Tenant may specify from time to time by notice to the other Party and Tenant as provided herein. Unless the sender receives an email delivery failure notification, an email communication sent in accordance with this Section 25.7 shall be deemed delivered on the Business Day sent by the sender, unless sent after 6:00 p.m. Pacific Time or on a non-Business Day, in which case such email communication shall be deemed delivered on the following Business Day. The email addresses for the Parties and Tenant as of the Effective Date are:

Owner: johnfinke@publicfacilitiesgroup.org  
 Developer: games@trammellcrow.com  
 Tenant: leaseacquisitions@ceo.lacounty.gov

**25.8 Entire Agreement.** This Agreement (and the Exhibits referred to herein) constitute the entire agreement between the Parties with respect to the subject matter hereof and may be amended only in writing signed by both Parties.

**25.9 Time Is of the Essence.** Time is of the essence of this Agreement.

**25.10 Employees of Developer.** Developer is acting under this Agreement as an independent contractor and nothing herein contained, or any acts of Developer or Owner, nor any other circumstances, shall be construed to establish Developer as an agent of Owner. Developer shall be responsible for each of Developer’s employees or other persons performing services to be performed by Developer hereunder and for determining the manner and time of performance of all acts to be performed by Developer hereunder. Developer shall maintain all required industrial and worker’s compensation insurance for all employees of Developer and shall cause all Contractors, Architect and all design professionals and other persons, firms and corporations employed to perform services in connection with the Project to provide worker’s compensation and similar insurance with respect to their respective employees.

**25.11 Exhibits.** The Exhibits to this Agreement are:

<b>Exhibit</b>	<b>Description</b>	<b>Partial Section Reference</b>
A	Legal Description of Premises	Recitals; Section 1
B	Facilities Lease Agreement	Recitals; Section 1
C	Site Plan	Recitals; Section 1
D	Project Budget	Sections 1, 4.4
E	Schedule of Preliminary Plans and Specifications	Section 1
F	Project Schedule	Sections 1, 6.3
G	Developer’s Insurance Requirements	Section 16
H	Dispute Resolution Procedure	Section 24
I	List of Additional Warranties	Section 7.9
J	Financed FF&E	Section 1
K	Form of Payment Requisition	Section 9.1

**25.12 Compliance with Civil Rights Laws.** During the performance of this Agreement, Developer shall comply with all federal and applicable state nondiscrimination laws, including but not limited to: Title VII of the Civil Rights Act, 42 U.S.C. §§ 12101 *et seq.*; the Americans with Disabilities Act (ADA); and the provisions of Section 32.11 of the Facilities Lease that are applicable to Developer’s performance of this Agreement.

**25.13 Governing Law; Venue.** This Agreement and all provisions hereof shall be interpreted in accordance with the laws of the State of California in effect on the date of

execution of this Agreement. The Superior Court of Los Angeles County, State of California shall have exclusive jurisdiction and venue over any legal action arising under this Agreement.

**25.14 Recitals.** All Recitals set forth herein are hereby incorporated into this Agreement. The Parties agree that the Recitals are true and correct and have the same force and effect as all other provisions contained in this Agreement.

**25.15 Meanings of Words Not Specifically Defined/General Rules of Interpretation.** Words and phrases contained herein shall be construed according to the context and the approved usage of the English language, but technical words and phrases, and such others as have acquired a peculiar and appropriate meaning by law, or are defined in Section 1, are to be construed according to such technical, peculiar, and appropriate meaning or definition. Whenever the context requires, all words used in the singular will be construed to have been used in the plural, and vice versa, and each gender will include any other gender. As used in this Agreement, the word “includes or “including” means including without limitation, the word “or” is not exclusive and the words “herein,” “hereof,” “hereto” and hereunder refer to this Agreement as a whole. Unless the context otherwise requires, references herein: (a) to articles, paragraphs, sections and exhibits mean the articles, paragraphs, sections and exhibits which are part of this Agreement as amended, supplemented or modified from time to time to the extent permitted by the provisions thereof and by this Agreement, (b) to an agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented or modified from time to time to the extent permitted by the provisions thereof and by this Agreement, and (c) to a statute means such statute as amended, supplemented or replaced from time to time. The exhibits, schedules, addenda, and attachments which are attached to this Lease are made a part of this Lease.

**[Signatures appear on next page.]**

DATED the day and year first above written.

OWNER: LOS ANGELES COUNTY FACILITIES 2 INC.,  
a California nonprofit public benefit corporation

By: \_\_\_\_\_  
Name: John Finke  
Its: President

DEVELOPER: TC LA DEVELOPMENT, INC.,  
a Delaware corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

## **EXHIBIT A**

### **Legal Description of Premises**

All that certain real property situated in the County of Los Angeles, State of California, described as follows:



**EXHIBIT B**  
**Facilities Lease Agreement**

[Attached]

**EXHIBIT C**

**Site Plan**

[Attached]

**EXHIBIT D**

**Project Budget**

[Attached]

**EXHIBIT E**

**Schedule of Preliminary Plans**

[Attached]

**EXHIBIT F**  
**Project Schedule**

[Attached]

## EXHIBIT G

### MINIMUM INSURANCE REQUIREMENTS FOR DEVELOPER

#### I. GENERAL INSURANCE PROVISIONS.

Without limiting the Developer's indemnification of Owner, and in the performance of this Agreement and until all of its obligations pursuant to this Agreement have been met, Developer shall provide and maintain as a Project Cost insurance coverage satisfying the requirements specified in this Exhibit G and elsewhere in the Agreement (the "**Required Insurance**"). Owner in no way warrants that the Required Insurance is sufficient to protect the Developer for liabilities which may arise from or relate to this Agreement.

A. **Evidence of Coverage and Notice to Owner.** Certificate(s) of insurance coverage (each an "**Insurance Certificate**") or other evidence of coverage satisfactory to Owner shall be delivered to Owner prior to (i) the Effective Date with respect to coverage required to be carried by the Developer pursuant to Part II of this Exhibit G; and (ii) the date required under the General Construction Contract with respect to insurance required to be carried by the General Contractor. Such Insurance Certificates or other evidence shall:

(1) Specifically identify this Agreement by name or number.

(2) Clearly identify all insurance coverage types and limits required in this Agreement and be signed by an authorized representative of the insurer(s). The Insured party named on the Certificate shall match the name of Developer or its parent company. Certificates shall provide the full name of each insurer providing coverage, and list any Owner required endorsement forms.

(3) Include a copy of the additional insured endorsement to the commercial general liability policy, adding (a) Owner, its officers, directors, employees and agents (collectively, the "**Indemnified Owner Parties**," and (b) County and its Special Districts, Elected Officials, Officers, Agents, Employees and Volunteers (collectively, the "**Indemnified County Parties**") as additional insureds for the indemnification obligation of the Developer. The full limits and scope of protection of Developer's policy shall apply to Owner and County as additional insureds, even if they exceed Owner's minimum insurance requirements set forth herein. Use of an automatic additional insured endorsement form is acceptable providing it satisfies this and the other insurance requirement provisions herein.

(4) Show Developer's insurance policies, with respect to any claims related to this Agreement, are primary with respect to all other sources of coverage available to Developer. Any Owner insurance and self-insurance coverage shall be excess of and not contribute to any Developer coverage, which may be evidenced by adding a statement to the additional insured endorsement required in item (3) above, stating "It is further agreed that the insurance afforded by this policy is primary to any insurance or self-insurance programs maintained by

Owner and County's insurance and self-insurance coverage are in excess of and non-contributing to the Named Insureds' coverage for Named Insureds indemnity obligations in this agreement.

(5) Insurance Certificates and copies of any required endorsements, notices of cancellation shall be delivered to:

Los Angeles County Facilities 2 Inc.  
c/o Public Facilities Group  
1700 Seventh Avenue  
Suite 2100, PMB 552  
Seattle, WA 98101  
Attn: John Finke

Renewal Insurance Certificates shall be provided to Owner prior to Developer's policy expiration dates.

(6) Neither Owner's failure to obtain, nor Owner's receipt of, or failure to object to a non-complying insurance certificate or endorsement, or any other insurance documentation or information provided by the Developer, its insurance broker(s) and/or insurer(s), shall be construed as a waiver of any of the Required Insurance provisions.

(7) Developer also shall promptly report to Owner any injury or property damage accident or incident, including any injury to a Developer employee occurring on Owner property, and any loss, disappearance, destruction, misuse, or theft of Owner property, monies or securities entrusted to Developer. Developer also shall promptly notify Owner of any third party claim or suit filed against Developer which arises from or relates to this Agreement, and could result in the filing of a claim or lawsuit against Developer and/or Owner.

**B. Insurer Financial Ratings.** Insurance is to be provided by an insurance company authorized to do business in the State of California, with an A.M. Best rating of not less than A:VII, unless otherwise approved by Owner.

**C. Waiver of Subrogation.** To the fullest extent permitted by law, Owner and Developer waives its and its insurer(s) rights of recovery against each other under all required insurance policies for any loss arising from or related to this Agreement. Both Parties shall require its insurers to execute any waiver of subrogation endorsements which may be necessary to effect such waiver.

**D. Cancellation of or Changes in Insurance.** Developer shall provide Owner with, or Developer's insurance policies shall contain a provision that Owner shall receive, written notice of cancellation or any change in Required Insurance, including insurer, limits of coverage, term of coverage or policy period. The written notice shall be provided to Owner at least ten (10) days in advance of cancellation for non-payment of premium and thirty (30) days in advance for any other cancellation or policy change. Failure to provide written notice of cancellation or any change in Required Insurance shall constitute an Event of Default by Developer, upon which Owner may suspend or terminate this Agreement.

E. **Failure to Maintain Insurance:** Developer's failure to maintain or to provide acceptable evidence that it maintains the Required Insurance shall constitute an Event of Default by Developer, upon which Owner immediately may withhold payments due to Developer, and/or suspend or terminate this Agreement. Owner, at its sole discretion, may obtain damages from Developer resulting from such Event of Default by Developer. Alternatively, Owner may purchase the Required Insurance, and without further notice to Developer, deduct the premium cost from sums due to Developer or pursue Developer reimbursement.

F. **Deductibles and Self-Insured Retentions.** Developer shall identify any deductibles or self-insured retention ("SIR") exceeding \$25,000. Developer's policies shall not obligate Owner to pay any portion of any Developer deductible or SIR.

G. **Claims Made Coverage.** If any part of the Required Insurance is written on a claims made basis, any policy retroactive date shall precede the Effective Date. Developer shall maintain such coverage for a period of not less than three (3) years following the expiration, termination or cancellation of this Agreement.

H. **Application of Excess Liability Coverage.** Developer may use a combination of primary, and excess insurance policies which provide coverage as broad as ("follow form" over) the underlying primary policies, to satisfy the Required Insurance provisions.

I. **Separation of Insureds.** All liability policies shall provide cross-liability coverage as would be afforded by the standard ISO (Insurance Services Office, Inc.) separation of insureds provision with no insured versus insured exclusions or limitations.

J. **Alternative Risk Financing Programs.** Owner reserves the right to review, and then approve, Developer use of self-insurance, risk retention groups, risk purchasing groups, pooling arrangements and captive insurance to satisfy the Required Insurance provisions. Owner and its agents shall be designated as an Additional Covered Party under any approved program, as they would under required insurance.

K. **Owner Review and Approval of Insurance Requirements.** Owner reserves the right to review and reasonably adjust the Required Insurance provisions, conditioned upon Owner's reasonable determination of changes in risk exposures.

## II. INSURANCE COVERAGE REQUIREMENTS FOR DEVELOPER — TYPES AND LIMITS

A. **Commercial General Liability Commercial General Liability** insurance (providing scope of coverage equivalent to ISO policy form CG 2010 and CG 2037 (10/01 edition) or its equivalent), naming the Indemnified Owner Parties and the Indemnified County Parties as an additional insured in accordance with the requirements of this Agreement, ISO policy form, with limits of not less than:



General Aggregate:	\$10 million
Products/Completed Operations Aggregate:	\$10 million
Personal and Advertising Injury:	\$ 5 million
Each Occurrence:	\$ 5 million

The Products/Completed Operations coverage shall continue to be maintained in the amount indicated above for at least three (3) years after the date of Substantial Completion of the Project. Such insurance policies shall be endorsed with the CG 2404 (05/09 edition) Waiver of Transfer of Rights of Recovery Against Others to Us Endorsement and shall include a Per Project Aggregate Endorsement per form CG 2503 (03/97 edition). Such insurance shall be Primary and Non-Contributory in accordance with the requirements of this agreement.

B. **Automobile Liability** insurance (providing scope of coverage equivalent to ISO policy form CA 00 01) with limits of not less than \$1 million for bodily injury and property damage, in combined or equivalent split limits, for each single accident. Insurance shall cover liability arising out of Developer’s use of autos pursuant to this Agreement, including owned, leased, hired, and/or non-owned autos, as each may be applicable.

C. **Workers Compensation and Employers’ Liability** insurance or qualified self-insurance satisfying statutory requirements, which includes Employers’ Liability coverage with limits of not less than \$1 million per accident. If Developer will provide leased employees, or, is an employee leasing or temporary staffing firm or a professional employer organization (“PEO”), coverage also shall include an Alternate Employer Endorsement (providing scope of coverage equivalent to ISO policy form WC 00 03 01 A) naming County as the Alternate Employer, and the endorsement form shall be modified to provide that County will receive not less than thirty (30) days advance written notice of cancellation of this coverage provision. If applicable to Developer’s operations, coverage also shall be arranged to satisfy the requirements of any federal workers or workmen’s compensation law or any federal occupational disease law.

### **III. INSURANCE COVERAGE REQUIREMENTS FOR CONSTRUCTION PHASE — TYPES AND LIMITS**

A. **Builder’s Risk Course of Construction Insurance.** Such coverage shall:

(1) Insure against damage from perils covered by the Causes-of-Loss Special Form (ISO policy form CP 10 30), and be endorsed to include earthquake, flood, ordinance or law coverage, coverage for temporary offsite storage, debris removal, pollutant cleanup and removal, preservation of property, excavation costs, landscaping, shrubs and plants and full collapse coverage during construction (without restricting collapse coverage to specified perils). Such insurance shall be extended to include boiler & machinery coverage for air conditioning, heating and other equipment during testing.

(2) Be written on a completed-value basis and cover the entire value of the construction project, including \$(Insert the replacement value of Owner-furnished materials and equipment here) in Owner-furnished materials and equipment, against loss or damage until completion and acceptance by Owner.

Developer shall cause General Contractor to provide the requisite insurance coverage listed below:

The Office Project General Contractor Required Insurance Types and Limits are outlined in subparagraphs B(1) through D(1) and E:

**B(1). General Liability Insurance.** Such coverage shall be written on ISO policy form CG 2010 and CG 2037 (10/01 edition) or its equivalent, naming Owner, its officers, directors, employees and agents as an additional insured, with limits of not less than:

General Aggregate:	\$50,000,000
Products/Completed Operations Aggregate:	\$50,000,000
Personal and Advertising Injury:	\$25,000,000
Each Occurrence:	\$25,000,000

The Products/Completed Operations coverage shall continue to be maintained in the amount indicated above for at least three (3) years after the date of Substantial Completion of the Project. Such insurance policies shall be endorsed with the CG 2404 (05/09 edition) Waiver of Transfer of Rights of Recovery Against Others to Us Endorsement and shall include a Per Project Aggregate Endorsement per form CG 2503 (03/97 edition). Such insurance shall be Primary and Non-Contributory.

**C(1). Automobile Liability insurance.** Such coverage shall be written on ISO policy form CA 00 01 or its equivalent with a limit of liability of not less than \$5,000,000 for bodily injury and property damage, in combined or equivalent split limits, for each single accident. Such insurance shall cover liability arising out of Contractor's use of autos pursuant to this Agreement, including owned, leased, hired, and/or non- owned autos, as each may be applicable.

**D(1). Professional Liability/Errors and Omissions insurance.** Such insurance shall cover liability arising from any error, omission, negligent or wrongful act of Contractor, its officers or employees arising from or related to this Agreement with limits of not less than \$3,000,000 per occurrence and \$6,000,000 aggregate. The coverage shall remain in place for a period of not less than six (6) years following completion of the Project and shall provide an extended two-year reporting period commencing upon expiration, termination or cancellation of this Agreement.

**E. Workers Compensation and Employers' Liability Insurance or qualified self-**

**insurance satisfying statutory requirements.** Such coverage shall provide Employers' Liability coverage with limits of not less than \$1 million per accident. Such policy shall be endorsed to waive subrogation against Owner for injury to Contractor's employees. If the Contractor's employees will be engaged in maritime employment, the coverage shall provide the benefits required by the *U.S. Longshore and Harbor Workers Compensation Act, Jones Act* or any other federal law to which Contractor is subject. If Contractor will provide PEO, coverage also shall include an Alternate Employer Endorsement (providing scope of coverage equivalent to ISO policy form WC 00 03 01 A) naming Owner as the Alternate Employer, and the endorsement form shall be modified to provide that Owner will receive not less than thirty (30) days advance written notice of cancellation of this coverage provision.

The insurance coverage described in Sections III.F and III.G below should be required only as applicable to the Projects. In the event operations performed by or on behalf of the Contractor result in pollution conditions (sudden/accidental or gradual) or release, discharge, escape, dispersal or emission of asbestos, whether gradual or sudden, Contractor's Pollution Liability Insurance or Asbestos Liability Insurance should be requested, respectively.

F. **Contractor's Pollution Liability Insurance.** Such insurance shall cover liability arising from the release, discharge, escape, dispersal or emission of pollutants, whether gradual or sudden, and include coverage for the costs and expenses associated with voluntary clean-up, testing, monitoring and treatment of pollutants in compliance with governmental mandate or requests. Motor vehicle pollution liability will be required under the Automobile Liability Insurance indicated above under section C above for removal of pollutant from the work site. Contractor shall maintain limits not less than \$3,000,000 per occurrence and \$6,000,000 aggregate.

G. **Asbestos Liability Insurance.** Such insurance shall cover liability for personal injury and property damage arising from the release, discharge, escape, dispersal or emission of asbestos, whether gradual or sudden, and include coverage for the costs and expenses associated with voluntary clean-up, testing, monitoring and treatment of asbestos in compliance with governmental mandate or requests. Motor vehicle asbestos liability will be required under the Automobile Liability Insurance indicated above under section C above if asbestos will be removed from the work site. Contractor shall maintain limits not less than \$3,000,000 per occurrence and \$6,000,000 aggregate.

H. **Performance Security Requirements.** Each Contractor shall file surety bonds with Owner in the amounts and for the purposes noted below prior to the date required under its Construction Contract. All bonds issued in compliance with this Agreement shall be duly executed by a solvent surety company that is authorized by the State of California, is listed in the United States Department of the Treasury's Listing of Approved Sureties Treasury (Circular 570) (see [www.fms.treas.gov/c570/](http://www.fms.treas.gov/c570/)) and is satisfactory to Owner, and Contractor shall pay all premiums and costs thereof and incidental thereto.

Each bond shall be signed by both Contractor (as Principal) and the Surety.

Contractor shall give two surety bonds with good and sufficient sureties, as explained in subparagraphs III.H.1. and III.H.2. below: the first in the sum of not less than 100% of the sum

of the General Construction Contract price to assure the payment of claims of material men supplying materials to the General Contractor, Subcontractors and mechanics and laborers employed by the General Contractor or Subcontractors on the Project, and the second in the sum of not less than 100% of the sum of the General Construction Contract price to assure the faithful performance of the General Construction Contract.

(1) The “Materials and Labor Bond” shall be so conditioned as to insure to the benefit of persons furnishing materials for or performing labor upon the Project. This bond shall be maintained by Contractor in full force and effect until (a) Substantial Completion and (b) payment of all claims for materials, labor and subcontracts.

(2) The “Bond for Faithful Performance” shall be so conditioned as to assure the faithful performance by the Contractor of all work under the Project General Construction Contract, within the time limits prescribed, including any maintenance and warranty provisions, in a manner that is satisfactory and acceptable to Owner, that all materials and workmanship supplied by the Contractor will be free from original or developed defects, and that should original or developed defects or failures appear within a period of one year from the date of Substantial Completion of the Project, Contractor shall, at Contractor’s own expense, make good such defects and failures and make all replacements and adjustments required, within a reasonable time after being notified by the Owner to do so, and to the approval of County. This bond shall be maintained by the General Contractor in full force and effect during the performance of the work under the Project General Construction Contract and for a period of one year after the date of Substantial Completion of the Project.

Should any surety or sureties upon said bonds or any of them become insufficient or be deemed unsatisfactory by Owner, Contractor shall replace said bond or bonds with good and sufficient sureties within ten (10) days after receiving notice from the Owner that the surety or sureties are insufficient or unsatisfactory. No further payment shall be deemed due or will be made under this Agreement until the new sureties shall qualify and be accepted by Owner.

## **EXHIBIT H**

### **Dispute Resolution Procedure**

Owner and Developer shall act in good faith and deal fairly in performing their respective duties under this Agreement in order to accomplish their mutual objectives and avoid disputes. If a dispute arises with respect to design or construction of the Project, the Parties agree to utilize the dispute resolution process contained herein, which will be non-binding but a condition precedent to having said dispute decided in court by a judge or jury.

**1. Mediation.** Pursuant to Section 24, in the event a dispute arises between Developer and Owner with respect to design and/or construction of the Project the Parties shall proceed in good faith 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 refer the dispute to the Mediator named below.

**1.1 Mediator.** For any dispute which cannot be resolved by the Parties, a qualified, independent mediator (“**Mediator**”) shall be mutually designated by Owner and Developer to resolve such dispute. If the Parties cannot agree on the Mediator, each party shall select a mediator with at least five (5) years-experience in construction related mediation and the two mediators will in turn select the Mediator. The Mediator is to act impartially and independently in the consideration of facts and conditions surrounding any dispute presented by Developer and Owner; however, the Mediator’s recommendations concerning any such dispute are advisory only. The Mediator’s recommendations shall be based on the pertinent provisions of this Agreement, and the facts and circumstances involved in the dispute. The Mediator’s recommendations shall be furnished in writing to the parties.

**1.2 Developer Responsibility.** Developer shall furnish the Mediator one copy of all documents it might have, other than those furnished by the Owner, which are pertinent to the performance of the Mediator’s duties hereunder.

**1.3 Owner Responsibility.** Owner shall furnish the Mediator one copy of all Contract Documents, including but not limited to the building design guidelines, applicable contracts, interpretative reports, progress schedule and updates, monthly progress reports, and other documents pertinent to the performance of this Agreement and necessary to the performance of the Mediator’s duties hereunder.

**1.4 Term.** Following execution of this Agreement, the Mediator shall have authority to act hereunder upon written request from either Owner or Developer and such authority shall terminate upon Final Acceptance, after Final Payment has been made.

**1.5 Payment.** The fees charged by the Mediator shall be shared equally by the Parties. The Mediator’s compensation shall include compensation for all materials, supplies, travel, office assistance and support and incidentals necessary to provide the services described herein. Payment for services rendered by the Mediator will be at the Mediator’s standard hourly

rate as approved by Owner and Developer prior to commencement of the dispute resolution proceeding.

**1.6 Legal Relationship.** The Mediator, in the performance of the duties described herein, is acting in the capacity of an independent agent and not as an employee of either Developer or Owner. The Mediator is absolved of any personal or professional liability arising from the recommendations made hereunder, unless due to gross negligence or willful malfeasance.

**EXHIBIT I**

**List of Additional Warranties**

[Attached]

**EXHIBIT J**  
**Financed FF&E**

[Attached]



**EXHIBIT K**  
**Form of Payment Requisition**

[Attached]

**EXHIBIT P**

**COUNTYWIDE COMMUNITY WORKFORCE AGREEMENT**

**EXHIBIT Q**  
**INDENTURE**

*HOA.104783092.2LACF2 - Los Angeles County Facilities Lease*  
*Exhibit Q*

238359367.13  
227041-10001

**EXHIBIT R**  
**TAX AGREEMENT**

*HOA.104783092.2LACF2 - Los Angeles County Facilities Lease*  
*Exhibit R*

238359367.13  
227041-10001

**EXHIBIT S**  
**RETAIL SPACES**

*HOA.104783092.2LACF2 - Los Angeles County Facilities Lease*  
*Exhibit S*

238359367.13  
227041-10001

**EXHIBIT T**

**RETAIL SPACE LEASE**

[Attached]

*HOA.104783092.2LACF2 - Los Angeles County Facilities Lease  
Exhibit T, page 2*

238359367.13  
227041-10001





**EXHIBIT A**

Site Plan of the Premises

**EXHIBIT B**

Form of Sublease Agreement

**EXHIBIT U**  
**COUNTY ART POLICY**

*HOA.104783092.2LACF2 - Los Angeles County Facilities Lease*  
*Exhibit U*

238359367.13  
227041-10001

**EXHIBIT V**

**PEDESTRIAN SKYBRIDGE EASEMENT**

**EXHIBIT W**

**PERMANENT UTILITY EASEMENT**

*HOA.104783092.2LACF2 - Los Angeles County Facilities Lease*

*Exhibit W*

238359367.13  
227041-10001

**EXHIBIT X**

**UTILITY LICENSE AGREEMENT**

# **ENCLOSURE E**

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**INDENTURE OF TRUST**

**by and between**

**LOS ANGELES COUNTY FACILITIES 2 INC.**

**and**

**U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION**

**Dated as of [\_\_\_\_\_] 1, 2024**

**LOS ANGELES COUNTY FACILITIES 2 INC.**

**Lease Revenue Bonds, Series 2024  
(Vermont Corridor Site 2)**

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## INDENTURE OF TRUST

**THIS INDENTURE OF TRUST**, made and dated as of [\_\_\_\_\_] 1, 2024, by and between **LOS ANGELES COUNTY FACILITIES 2 INC.**, a California nonprofit public benefit corporation (“LACF2”), and **U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION**, a national banking association duly organized, existing and authorized to accept and execute trusts of the character herein set out under and by virtue of the laws of the United States of America, with a corporate trust office at Los Angeles, California, not in its individual capacity but solely as trustee, as Trustee (the “Trustee”);

### W I T N E S S E T H:

**WHEREAS**, LACF2 is a California nonprofit public benefit corporation and an organization described under Section 501(c)(3) of the Internal Revenue Code of 1986 (the “Code”); and

**WHEREAS**, the County of Los Angeles, California (the “County”), desires to have LACF2 finance or refinance costs of designing, developing, permitting, and constructing improvements and installing furniture, fixtures and equipment on a site (consisting of 550 South Vermont Avenue and 3175 West 6th Street) owned by the County in the City of Los Angeles, California (the “Land”) consisting of (i) renovation and expansion of the existing office building comprised of (a) approximately 154,793 gross square feet of existing space renovated to Class A office space, including two ground floor retail spaces of approximately 1,000 square feet each, (b) an extension of the existing building floorplates to include an additional approximately 88,340 gross square feet of new Class A office space, for a total of approximately 243,133 gross square feet of Class A office space, (c) approximately 12,050 gross square feet of renovated subterranean back-of-house support space, and (d) an elevated pedestrian walkway connecting the existing office building to the terrace level of the neighboring office building commonly known as 510 South Vermont Avenue ((a), (b), (c), and (d) collectively, the “Office Building”), (ii) installation of approximately 10 surface parking spaces (“Surface Parking Spaces”) and landscaping located on the Land; and (iii) demolition of the existing 52,000 square foot former Department of Workforce Development, Aging and Community Services headquarters and adjacent two-story parking structure located on the Land, all to serve as office space and related ancillary facilities for various County departments, commissions and staff (collectively, the “Project”); and

**WHEREAS**, LACF2 and the County have entered into a Ground Lease Agreement, dated as of [\_\_\_\_\_] 1, 2024 (the “Ground Lease”), under which the County is leasing the Land to LACF2; and

**WHEREAS**, LACF2 and the County have entered into a Facilities Lease Agreement, dated as of [\_\_\_\_\_] 1, 2024 (the “Facilities Lease”), under which LACF2 will undertake the Project and lease the Land, the Office Building, the Surface Parking Spaces, landscaping and such other improvements as may be located on the Land from time to time (collectively, the “Premises”) to the County; and

**WHEREAS**, by Ordinance No. 2024-[\_\_\_\_], adopted on [\_\_\_\_], 2024, and by subsequent actions, the Board of Supervisors of the County has approved the Ground Lease, the

Facilities Lease, the Project, the issuance of the Bonds (hereinafter defined) and the future acceptance of the title to the Premises; and

**WHEREAS**, LACF2 and the County have determined that the most cost-effective method of financing the Project is through the issuance of a series of tax-exempt bonds pursuant to Rev. Rul. 63-20 of the U.S. Treasury, as further amended and updated by Rev. Proc. 82-26 (together, the “Ruling”) under the Code [and a series of taxable bonds as hereinafter described]; and

**WHEREAS**, on [\_\_\_\_\_], 2024, the Board of Directors of LACF2 adopted its resolution approving the issuance by LACF2 of the Bonds and providing that unencumbered title to the Premises shall be delivered to the County at the time that all Bonds are paid or defeased (the “Resolution”); and

**WHEREAS**, to provide for the authentication and delivery of the Bonds, and to establish and declare the terms and conditions upon which the Bonds are to be issued , LACF2 has authorized the execution and delivery of this Indenture; and

**WHEREAS**, all acts and proceedings required by law necessary to make the Bonds, when executed by LACF2, authenticated and delivered by the Trustee, and duly issued, the valid, binding and legal special, limited obligations of LACF2, and to constitute this Indenture a valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery of the Indenture have been in all respects duly authorized;

**NOW, THEREFORE, THIS INDENTURE**

**WITNESSETH:**

**GRANTING CLAUSES**

LACF2, in return for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, to secure the payment of the principal of and interest on the Bonds and any Additional Bonds according to their terms and the performance and observance by LACF2 of all the covenants and agreements expressed or implied herein and in the Bonds and any Additional Bonds, does hereby grant to the Trustee a security interest in, and hereby pledge to the Trustee and create in favor of the Trustee a lien on, all of its right, title, and interest, whether now owned or hereafter acquired, in, to, and under the following (collectively, the “Trust Estate”):

**I.**

All rents, issues, income, revenues and receipts derived by LACF2 from all sources, including the Facilities Lease (except for payments under the Facilities Lease for deposit into the Capital Repairs Fund), with respect to the use of the Premises, including all money, earnings, revenues, rights to the payment of money, receivables, accounts, instruments, and general intangibles, including, without limitation, all rents, issues, profits, income, revenues and receipts derived by LACF2 in any fashion from the Premises, and all rights to be paid any of the foregoing

II.

The Premises;

III.

All Revenues and all rights to be paid any of the Revenues; and all Other Documents;

IV.

All choses in action and all choses in possession now or hereafter existing to the benefit of or arising for the benefit of LACF2 with respect to the Bonds;

V.

All accounts, all other Funds and Accounts established under this Indenture, all investments of any of the foregoing, and all money, instruments, investment property, and other property on deposit in or credited to any account or any other Fund or Account established under this Indenture or held by the Trustee, except for the Rebate Fund and the Capital Repairs Fund and money held in the Rebate Fund or the Capital Repairs Fund;

VI.

All accounts, chattel paper, commercial tort claims, deposit accounts, documents, general intangibles, goods, instruments, investment property, letter-of-credit rights, letters of credit, money, and oil, gas, and other minerals;

VII.

Any and all other property of every kind and nature from time to time hereafter granted, pledged, assigned or transferred by delivery or by writing of any kind, as and for additional security hereunder by LACF2, the County or by anyone on its or their behalf to the Trustee, which is hereby authorized to receive the same at any time as additional security hereunder; and

VIII.

All proceeds of all of the foregoing;

provided, however, that the Trust Estate shall not include the Rebate Fund, the Capital Repairs Fund, money, instruments, investment property, or other property on deposit in or credited to the Rebate Fund or the Capital Repairs Fund, payments under the Facilities Lease for deposit into the Capital Repairs Fund, Administrative Fees and Expenses, or Rebatable Arbitrage.

The Trustee shall hold the Trust Estate upon the terms and trusts herein set forth for the equal and proportionate benefit, security and protection of all present and future Owners of Bonds and any Additional Bonds issued under this Indenture without privilege, priority or distinction as

to the lien, pledge, security interest, or otherwise of any of the Bonds or Additional Bonds over any other Bonds or Additional Bonds;

If LACF2, its successors or its assigns shall well and truly pay, or cause to be paid, the principal of and interest on all outstanding Bonds and any Additional Bonds due or to become due thereon, at the times and in the manner mentioned in the Bonds and any Additional Bonds and as provided in Article II hereof according to the true intent and meaning thereof, and shall cause the payments to be made as required under Article IV hereof, or shall provide, as permitted hereby, for the payment thereof in accordance with Article X hereof, and shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of this Indenture to be kept, performed and observed by it, and shall pay or cause to be paid to the Trustee sums of money due or to become due in accordance with the terms and provisions hereof, then upon such final payments or deposits as provided in Article X hereof, this Indenture and the rights hereby granted shall cease, terminate and be void, and the Trustee shall thereupon cancel and discharge this Indenture and execute and deliver to LACF2 such instruments in writing as shall be requisite to evidence the discharge hereof.

**THIS INDENTURE FURTHER WITNESSETH**, that LACF2 does hereby covenant to and agree with the Trustee, for the benefit of the Owners from time to time of the Bonds, as follows:

## **ARTICLE I**

### **DEFINITIONS; INTERPRETATION**

**Section 1.01. Definitions.** Unless the context otherwise requires, the terms defined in this Section shall, for all purposes of this Indenture and of any indenture supplemental hereto and of any certificate, opinion or other document herein mentioned, have the meanings herein specified, to be equally applicable to both the singular and plural forms of any of the terms herein defined.

**“Account”** means any of the accounts created in Article IV [and any other accounts from time to time established pursuant to this Indenture in any of the Funds established and maintained by the Trustee pursuant hereto.]

**“Additional Bonds”** means any revenue bonds of LACF2 issued pursuant to Section 2.08 hereof after the issuance of the Bonds.

**“Additional Rent”** has the meaning given such term in the Facilities Lease.

**“Administrative Fees and Expenses”** means all acceptance, service, administrative or similar fees charged, or reimbursement for administrative or other expenses incurred, by LACF2 or the Trustee.

**“Architect”** has the meaning set forth in the Development Agreement.

**“Architect’s Agreement”** has the meaning set forth in the Development Agreement.

**“Assignment of Construction Documents”** means the Assignment of Development Agreement and Other Construction-Related Agreements, dated as of [\_\_\_\_\_] 1, 2024, pursuant



to which LACF2 assigns the General Construction Contract (when executed), the Development Agreement, the Architect's Agreement, and all other documents executed in connection with the design, development or construction of the Project to the Trustee for security purposes.

**“Assignment of Leases”** means the Assignment of Leases and Cash Collateral, dated as of [\_\_\_\_\_] 1, 2024, from LACF2 to the Trustee.

**“Authorized Denomination”** means \$5,000 or any integral multiple thereof within a maturity.

**“Authorized Officer”** means (i) with respect to LACF2, its President, Vice President or any other person or persons designated as an Authorized Officer of LACF2 by a resolution of the Board of Directors of LACF2 and filed with the Trustee, and (ii) with respect to the County, the Treasurer and Tax Collector of the County, the Chief Executive Officer of the County, the Executive Director of the Community Development Commission of the County or any other person or persons designated by the Treasurer and Tax Collector of the County, the Chief Executive Officer of the County or the Executive Director of the Community Development Commission of the County in writing and filed with the Trustee.

**“Base Rent”** has the meaning given such term in the Facilities Lease.

**“Beneficial Owner”** means any person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bond, including persons holding Bonds through nominees or depositories, while the Bonds are held in fully immobilized (book-entry) form.

**“Board”** means the Board of Supervisors of the County.

**“Bond”** or **“Bonds”** means the Los Angeles County Facilities 2 Inc. Lease Revenue Bonds, Series 2024 (Vermont Corridor Site 2), in the aggregate principal amount of \$[\_\_\_\_\_] , issued pursuant to Section 2.01 of this Indenture

**“Bond Fund”** means the Fund of that name established pursuant to Section 4.06 hereof.

**“Bond Proceeds Account”** means the Account of that name created within the Project Fund pursuant to Section 4.02(a) of this Indenture

**“Bond Purchase Agreement”** means the Bond Purchase Agreement between LACF2, the County and the Underwriter.

**“Bond Register”** means the books for registration of Bonds kept for LACF2 by the Trustee as provided in Section 2.06 hereof.

**“Bond Year”** has the meaning given such term in the Tax Certificate.

**“Business Day”** means a day (i) other than a day on which banks located in the State of California, the City of New York, New York, or the city in which the Corporate Trust Office of

the Trustee is located are required or authorized to close and (ii) on which the New York Stock Exchange is not closed.

**“Capital Repairs Fund”** means the Fund of that name created pursuant to Section 4.15 hereof.

**“Capitalized Interest Fund”** means the Fund of that name created pursuant to Section 4.03 hereof.

**“County”** means the County of Los Angeles and its successors and permitted assigns as “Tenant” under the Facilities Lease.

**“Code”** means the Internal Revenue Code of 1986. Any reference to a provision of the Code shall include the applicable regulations of the Department of the Treasury promulgated or proposed with respect to such provision.

**“Corporate Trust Office”** means, with respect to the Trustee, the office of the Trustee located in Los Angeles, California, as described in Section 11.06 hereof, and solely for purposes of the presentation of Bonds for transfer, payment or exchanges, the corporate trust operations or agency office designated by the Trustee, or such other or additional offices, as may be specified by the Trustee in writing to LACF2.

**“Cost” or “Costs”** means any cost in respect of the Project, including without limiting the generality of the foregoing: (i) labor and materials and related costs; (ii) contract bonds and insurance of all kinds that may be required or necessary during the course of acquisition, construction, manufacture or fabrication that are not paid by the contractors, suppliers or manufacturers thereof; (iii) surveys, estimates, plans and specifications and preliminary investigations therefor, supervision of manufacture, fabrication or construction, and the performance of all other duties required by or reasonably necessary for the acquisition of the Project; (iv) Costs of Issuance; (v) all other actual costs that LACF2 shall be required to pay under the terms of any contract or contracts for the Project including Project Costs as defined in the Facilities Lease and any increase in the cost of the Project resulting from Owner-initiated change orders in accordance with Section 8.3 of the Development Agreement; (vi) interest on the Bonds to the extent permitted by the Code and the Tax Certificate; (vii) the costs of clearing title to the Premises; and (viii) any other actual costs incurred by LACF2, including but not limited to Administrative Fees and Expenses, professional fees and real estate taxes (if any) prior to the Rent Commencement Date, which are properly chargeable to a capital account with respect to the acquisition or construction of the Project and the financing thereof (or would be so chargeable with a proper election) under general federal income tax principles.

**“Costs of Issuance”** means all items of expense directly or indirectly payable by or reimbursable to LACF2, the County, or the Trustee and related to the authorization, execution, issuance, sale and delivery of the Bonds, including (without limitation) costs of preparation and reproduction of documents, filing and recording fees, fees and charges of LACF2, initial fees and charges of the Trustee, legal fees and charges, fees and disbursements of financial or other consultants and professionals, fees and charges for preparation, execution and safekeeping of the Bonds, and any other cost, charge or fee in connection with the issuance of the Bonds.

**“Cost of Issuance Fund”** means the Fund of that name created pursuant to Section 4.01 hereof.

**“Date of Issue”** means the date the Bonds are issued and delivered to the Underwriter for redelivery to the initial purchasers thereof.

**“Deed of Trust”** means the Construction Leasehold Deed of Trust, Security Agreement, Assignment of Leases and Fixture Filing, dated as of [\_\_\_\_\_] 1, 2024 executed by LACF2, as trustor, to Commonwealth Land Title Insurance Company, as trustee, for the benefit of the Trustee as beneficiary, as originally executed and as the same may be supplemented, modified or amended from time to time in accordance with the provisions thereof and this Indenture.

**“Development Agreement”** means the Development Agreement between LACF2 and the Developer, dated as of [\_\_\_\_\_] 1, 2024, as originally executed and as the same may be supplemented, modified or amended from time to time in accordance with the provisions thereof and this Indenture.

**“Developer”** means TC LA Development, Inc. a Delaware corporation, and its successors and permitted assigns under the Development Agreement.

**“DTC”** means The Depository Trust Company, New York, New York.

**“Environmental Claim”** shall mean, with respect to any person, any action, suit, proceeding, investigation, notice, claim, complaint, demand, request for information or other communication (written or oral) by any other person (including any governmental authority, citizens group or employee or former employee of such person) alleging, asserting or claiming any actual or potential: (a) violation of any Environmental Law, (b) liability under any Environmental Law or (c) liability for investigatory costs, cleanup costs, governmental response costs, natural resources damages, property damages, personal injuries, fines or penalties arising out of, based on, or resulting from, the presence or release into the environment of any Hazardous Substance at any location, whether or not owned by such person.

**“Environmental Laws”** has the meaning given such term in the Facilities Lease.

**“Event of Bankruptcy”** means the filing of a petition in bankruptcy or the commencement of a proceeding under Title 11 of the United States Code, as amended (or any successor federal statutory provisions) or under any other applicable law concerning insolvency, reorganization or bankruptcy by or against LACF2, as debtor, other than any involuntary proceeding that has been finally dismissed without entry of an order for relief or similar order and without effect on any amounts held in the Bond Fund or the Project Fund and as to which dismissal all appeal periods have expired.

**“Event of Default”** means any of the events specified in Section 7.01 hereof.

**“Facilities Lease”** means that certain Facilities Lease Agreement, dated as of [\_\_\_\_\_] 1, 2024, by and between LACF2 and the County, as originally executed and as the same may be supplemented, modified or amended from time to time in accordance with the provisions thereof, the Deed of Trust, and this Indenture.

**“Facilities Lease Default Event”** means any of the events specified in Section 22 of the Facilities Lease as “Events of Default,” other than an Event of Default for failure to provide the notices required under [Section 5.11] of the Facilities Lease.

**“Favorable Opinion of Bond Counsel”** means, with respect to any action the occurrence of which requires such an opinion, an unqualified Opinion of Bond Counsel, to the effect that such action is permitted under the Indenture (if applicable) and will not, in and of itself, result in the inclusion of interest on the Bonds in gross income for federal income tax purposes.

**“Fitch”** means Fitch Ratings, a corporation organized and existing under the laws of the State of New York, its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Fitch” shall be deemed to refer to any other nationally recognized securities rating agency (other than S&P or Moody’s) designated in writing to the Trustee by LACF2.

**“Fund”** means any of the funds created in Article IV of this Indenture [and the separate Funds from time to time established and maintained by the Trustee pursuant hereto].

**“General Contractor”** has the meaning set forth in the Development Agreement.

**“General Construction Contract”** has the meaning set forth in the Development Agreement.

**“Government Obligations”** means direct, non-callable (a) United States Treasury Obligations, (b) United States Treasury Obligations — State and Local Government Series, (c) non-prepayable obligations that are fully and unconditionally guaranteed as to full and timely payment of principal and interest by the United States of America or (d) REFCORP debt obligations unconditionally guaranteed by the United States.

**“Ground Lease”** means the Ground Lease Agreement, dated as of [\_\_\_\_\_] 1, 2024, by and between the County and LACF2, as originally executed and as the same may be supplemented, modified or amended from time to time in accordance with the provisions thereof, the Deed of Trust, and this Indenture.

**“Hazardous Substance”** has the meaning given such term in the Facilities Lease.

**“Indenture”** means this Indenture of Trust, as originally executed or as it may from time to time be supplemented, modified or amended by any Supplemental Indenture.

**“Indenture Act”** means the Trust Indenture Act of 1939 (Act of August 3, 1939, 53 Stat. 1149, 15 U.S.C., §§ 77aaa-77bbbb), as amended.

**“Interest Account”** means the Account of that name created within the Bond Fund pursuant to Section 4.06 hereof.

**“Interest Payment Date”** means each June 1 and December 1, commencing on [\_\_\_\_\_] 1, 202\_, and each date on which a Bond is redeemed or accelerated for maturity in accordance with the terms hereof.

**“Investment Securities”** means (i) obligations of the U.S. government fully and unconditionally guaranteed by the U.S. government as to timely payment; obligations of U.S. government agencies or of corporations wholly owned by the U.S. government; and obligations of government-sponsored corporations that are, or may become, eligible as collateral for advances to member banks as determined by the board of governors of the Federal Reserve; (ii) repurchase agreements utilizing any of the securities identified in clause (i); (iii) money market mutual funds registered with the Securities and Exchange Commission under Rule 2a-7 of the Investment Company Act of 1940 that invest in any of the securities identified in clause (i); (iv) banker’s acceptances that are eligible for purchase by the Federal Reserve System and having a maturity period no greater than 180 days; (v) time deposits with collateral equal to at least 102% of principal and accrued interest on each time deposit and having a maturity period no greater than three years; (vi) commercial paper having, at the time of investment or contractual commitment to invest therein, a rating from Moody’s and S&P of A1 and P1, respectively; (vii) repurchase and reverse repurchase agreements collateralized with Government Obligations, including those of the Trustee or any of its affiliate; (viii) investment in money market mutual funds having a rating in the highest investment category granted thereby from S&P or Moody’s, including, without limitation any mutual fund for which the Trustee or an affiliate of the Trustee serves as investment manager, administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (a) the Trustee or an affiliate of the Trustee receives fees from funds for services rendered, (b) the Trustee collects fees for services rendered pursuant to this Indenture, which fees are separate from the fees received from such funds, and (c) services performed for such funds and pursuant to this Indenture may at times duplicate those provided to such funds by the Trustee or an affiliate of the Trustee; (ix) demand deposits, including interest bearing money market accounts, time deposits, trust funds, trust accounts, overnight bank deposits, interest-bearing deposits, and certificates of deposit, including those placed by a third party pursuant to an agreement between the Trustee and LACF2, or bankers acceptances of depository institutions, including the Trustee or any of its affiliates, rated in the A long-term ratings category or higher by S&P or Moody’s or that are fully FDIC-insured, and (x) the Los Angeles County Treasury Pool. The term **Investment Securities** shall not include any guaranteed investment contract.

**“LACF2”** means Los Angeles County Facilities 2 Inc., a California nonprofit public benefit corporation formed pursuant to Sections 5110 *et seq.* of the California Corporations Code.

**“Letter of Representations”** means the Blanket Issuer Letter of Representations from LACF2 to DTC.

**“Moody’s”** means Moody’s Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, **“Moody’s”** shall be deemed to refer to any other nationally recognized securities rating agency (other than S&P or Fitch) designated in writing to the Trustee by LACF2.

**“MSRB”** means the Municipal Securities Rulemaking Board or any successors to its functions. Until otherwise designated by the MSRB or the SEC, any information, reports or notices submitted to the MSRB in compliance with the Rule are to be submitted through the MSRB’s Electronic Municipal Market Access system (“EMMA”), currently located at [www.emma.msrb.org](http://www.emma.msrb.org).

**“Non-Bond Proceeds Account”** means the Account of that name created within the Project Fund pursuant to Section 4.02 of this Indenture.

**“Official Statement”** means the Preliminary Official Statement dated [\_\_\_\_\_], 2024, and the Official Statement dated [\_\_\_\_\_], 2024, including any amendment or supplement thereto, pursuant to which the Bonds are initially sold.

**“Opinion of Bond Counsel”** means a written opinion of nationally recognized bond counsel selected by LACF2, acceptable to the Trustee and, so long as no Facilities Lease Default Event has occurred and is continuing, the County.

**“Other Document”** means any or all of the Ground Lease, Facilities Lease, the Deed of Trust, the Development Agreement, the applicable Uniform Commercial Code financing statements, the Assignment of Construction Documents, the Subordination, Non-Disturbance and Attornment Agreement and the Assignment of Leases.

**“Outstanding”**, when used as of any particular time with reference to the Bonds, means all Bonds theretofore, or thereupon being, authenticated and delivered by the Trustee under this Indenture except (1) the Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation; (2) the Bonds with respect to which all liability of LACF2 shall have been discharged in accordance with Section 10.01 hereof; (3) the Bonds paid pursuant to Section 2.07 hereof; and (4) the Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Trustee pursuant to Sections 2.04 and 2.05 hereof.

**“Owner or Bond Owner”**, whenever used herein with respect to a Bond, means the person in whose name such Bond is registered on the Bond Register.

**“Person”** or **“person”** means an individual, corporation, firm, association, partnership, limited liability company, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

**“Premises”** has the meaning given such term in the Facilities Lease.

**“Principal Account”** means the Account of that name created within the Bond Fund pursuant to Section 4.06 hereof.

**“Principal Payment Date”** means December 1 of each year in which principal is due on any Bonds.

**“Project”** has the meaning set forth in the Facilities Lease.

**“Project Costs”** has the meaning given such term in the Facilities Lease.

**“Project Fund”** means the Fund of that name established pursuant to Section 4.02 hereof.

**“Rating Agency”** means S&P if the Bonds are then rated by S&P, Moody’s if the Bonds are then rated by Moody’s and Fitch if the Bonds are then rated by Fitch.

**“Rebatable Arbitrage”** means the rebate amount calculated as provided in the Tax Certificate and Section 4.13 of this Indenture.

**“Rebate Analyst”** means the firm of independent certified public accountants or other rebate service provider selected by LACF2 to perform the rebate calculations as provided pursuant to Sections 4.12 and 4.13 hereof.

**“Rebate Fund”** means the Fund of that name created pursuant to Section 4.13 hereof.

**“Record Date”** means the 15<sup>th</sup> calendar day of the month preceding each Interest Payment Date, whether or not such day is a Business Day.

**“Redemption Account”** means the Account of that name created within the Bond Fund pursuant to Section 4.06 hereof.

**“Rent”** means the sum of Base Rent and Additional Rent paid pursuant to the Facilities Lease and rental payments made pursuant to any other lease by LACF2 of the Premises.

**“Rent Commencement Date”** has the meaning given that term in the Facilities Lease.

**“Rent Payment Date”** has the meaning given that term in the Facilities Lease.

**“Resolution”** means the resolution adopted by LACF2’s Board of Directors on [\_\_\_\_\_], 2024.

**“Revenue Fund”** means the Fund of that name created pursuant to Section 4.05 hereof.

**“Revenues”** means all amounts received by LACF2 or by the Trustee for the account of LACF2 pursuant to the Facilities Lease (or any other lease by LACF2 of the Premises) or otherwise with respect to the Premises, including, without limiting the generality of the foregoing, all Rent (including both timely and delinquent payments and any late charges, paid from any source), prepayments, any payments received under any policy of title insurance with respect to the Premises, and all interest, profits or other income derived from the investment of amounts in any Fund or Account established pursuant to this Indenture (except as otherwise provided herein), but not including (i) Administrative Fees and Expenses, (ii) Rebatable Arbitrage, (iii) money deposited in the Capital Repairs Fund; and (iv) any and all revenue, income and receipts of LACF2 not derived from or received with respect to the Facilities Lease, the Premises, or any Fund or Account established pursuant to this Indenture.

**“Rule”** means United States Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934, as amended.

**“S&P”** means Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business, a New York corporation, its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “S&P” shall be deemed to refer to any other nationally recognized securities rating agency (other than Moody’s or Fitch) designated in writing to the Trustee by LACF2.

“**SEC**” means the United States Securities and Exchange Commission.

“**Securities Intermediary**” means U.S. Bank National Association, as securities intermediary under the Indenture, or any successor thereto as Securities Intermediary under the Indenture substituted in its place as provided herein.

“**State**” means the State of California.

“**Subaccounts**” means the subaccounts from time to time established pursuant to this Indenture in any of the Accounts established and maintained by the Trustee pursuant hereto.

“**Subordination, Non-Disturbance and Attornment Agreement**” means the agreement of that name, between the County, LACF2, and the Trustee, as originally executed and as the same may be supplemented, modified or amended from time to time in accordance with the provisions thereof and this Indenture.

“**Substantial Completion**” has the meaning given such term in the Facilities Lease.

“**Supplemental Indenture**” means any indenture hereafter duly authorized and entered into between LACF2 and the Trustee, supplementing, modifying or amending this Indenture; but only if and to the extent that such Supplemental Indenture is specifically authorized hereunder.

“**Tax Certificate**” means the Tax Certificate executed by LACF2 and the County as of the date of issuance of the Bonds, setting forth certain expectations of LACF2 and the County regarding the use of the Bond proceeds.

“**Trust Estate**” has the meaning set forth in the Granting Clauses of this Indenture.

“**Trustee**” means U.S. Bank Trust Company, National Association, or its successor, as Trustee hereunder as provided in Section 8.01 hereof.

“**UCC**” means the applicable Uniform Commercial Code, as amended.

“**Underwriter**” means [\_\_\_\_\_][], as representative of itself and the co-underwriters named in the Bond Purchase Agreement].

### **Section 1.02. Interpretation.**

(a) Unless the context otherwise indicates, words expressed in the singular shall include the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and shall be deemed to mean and include the neuter, masculine or feminine gender, as appropriate.

(b) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.



(c) All references herein to “Articles,” “Sections” and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Indenture; the words “herein,” “hereof,” “hereby,” “hereunder” and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or subdivision hereof.

(d) Certain terms are defined in Section 1.01 of this Indenture by reference to the meaning given such terms in other documents, e.g., the Facilities Lease and the Development Agreement. To the extent that the meaning of any term thus defined is amended through an amendment to the respective document, the meaning of such defined term herein or for purposes of this Indenture shall be construed as amended upon receipt by the Trustee of written notice of any such amendment.

(e) Terms used herein that are defined in the California Commercial Code, as amended, and not otherwise defined herein shall have the meanings set forth in the California Commercial Code, as amended, unless the context requires otherwise.

**Section 1.03. Indenture and Bonds Constitute a Contract; Security.** With respect to the Bonds, in consideration of the purchase and acceptance of any and all of the Bonds authorized to be issued under this Indenture by the Owners from time to time: (a) this Indenture shall be deemed to be and shall constitute a contract among LACF2, the Trustee, and the Owners, from time to time, of such Bonds; (b) the security interest, lien, and pledge granted and made herein and the duties, covenants, obligations and agreements set forth herein to be observed and performed by or on behalf of LACF2 shall be for the equal and ratable benefit, protection and security of the Owners of any and all of such Bonds, all of which, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority or distinction as to lien, pledge, security interest, or otherwise, except as expressly provided herein or permitted hereby; and (c) the Bonds shall be special, limited obligations of LACF2 payable solely as provided herein and secured solely as provided herein and in the Other Documents;

**Section 1.04. General Provisions Regarding the County and LACF2.** Whenever in this Indenture the County is entitled to direct the Trustee in a particular matter or to approve acts of LACF2, such entitlement of the County is predicated upon the Facilities Lease being in effect and the County not then being in default under the Facilities Lease. With respect to such respective entitlements, if the Facilities Lease is no longer in effect or if a Facilities Lease Default Event has occurred and is continuing, then LACF2 shall be entitled to direct the Trustee in a particular matter and the County’s approval of acts of LACF2 shall not be required, whether or not the applicable provision of this Indenture so provides.

## ARTICLE II

### THE BONDS; ADDITIONAL BONDS

**Section 2.01. Authorization of Bonds.** LACF2 hereby authorizes the issuance of the Bonds to be issued hereunder in the principal amount of \$[\_\_\_\_\_]. The Bonds shall be issued and designated as “Los Angeles County Facilities 2 Inc. Lease Revenue Bonds, Series 2024A (Vermont Corridor Site 2).” No Additional Bonds may be issued under the terms set forth in Section 2.08 of this Indenture unless the County authorizes their issuance and LACF2 authorizes

their issuance and executes a Supplemental Indenture for that purpose. This Indenture constitutes a continuing agreement with the Owners from time to time of the Bonds to secure the full payment of the principal of and interest on all such Bonds subject to the covenants, provisions and conditions herein contained.

At any time after the execution of this Indenture, LACF2 may execute and, upon satisfaction of the conditions set forth in this Section, the Trustee shall authenticate and, upon request of LACF2, deliver the Bonds. Prior to the authentication and delivery of any Bonds by the Trustee, the Trustee shall have received the purchase price therefor and there shall have been filed with the Trustee each of the following:

- (a) This Indenture, duly executed;
- (b) A conformed copy of the duly executed Ground Lease;
- (c) A conformed copy of the duly executed Facilities Lease;
- (d) A conformed copy of the duly executed Memorandum of Facilities Lease and Memorandum of Ground Lease, together with evidence that they have been delivered to Commonwealth Land Title Insurance Company for recordation;
- (e) A conformed copy of the duly executed Development Agreement;
- (f) The original or conformed copy of the duly executed Deed of Trust, together with evidence that it has been delivered to Commonwealth Land Title Insurance Company for recordation;
- (g) The original or conformed copy of the duly executed Assignment of Leases, together with evidence that it has been delivered to Commonwealth Land Title Insurance Company for recordation;
- (h) The duly executed Ground Lessor Consent, Estoppel, Recognition and Non-Disturbance Agreement and Subordination, Non-Disturbance and Attornment Agreement with respect to the Facilities Lease, together with evidence that they have been delivered to Commonwealth Land Title Insurance Company for recordation;
- (i) The Assignment of Construction Documents, executed by LACF2;
- (j) Evidence of filing and a copy of the UCC financing statements;
- (k) Evidence of an irrevocable commitment by Commonwealth Land Title Insurance Company to issue the mortgagee's policy of title insurance with liability in the principal amount of the Bonds for the benefit of the Trustee;
- (l) Evidence of Developer's general liability insurance in accordance with the Development Agreement, and evidence of LACF2's builder's risk and general liability insurance in accordance with the Facilities Lease; and

- (m) The final approving opinion of Bond Counsel, duly executed.

The Trustee shall be authorized to rely upon the fact of such delivery in authenticating and delivering the Bonds, but shall not be required to make any independent investigation of the contents or underlying facts of any such agreements, policies, opinions or other documents.

**Section 2.02. Terms of the Bonds.**

(a) Dated Date, Maturity, Interest Rates of the Bonds. The Bonds shall be issued in the aggregate principal amount of \$[\_\_\_\_\_]. The Bonds shall be dated as of the date of their delivery to the Underwriter, shall be fully registered as to both principal and interest, shall be in Authorized Denominations, provided that no Bond shall represent more than one maturity, shall be numbered separately for purposes of identification, shall bear interest from their date payable on each Interest Payment Date, at the following per annum interest rates, and shall mature on the Principal Payment Dates of the following years in the following principal amounts:

Maturity Years (December 1)	Principal Amounts	Interest Rates
	\$	%

(b) Interest Accrual. Each Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid in full or duly provided for (provided, however, that, initially the Bonds shall bear interest from the dated date of the Bonds), until payment of the principal or redemption price thereof shall have been made or provided for in accordance with the provisions hereof, whether at maturity, upon redemption or otherwise. Interest on the Bonds shall be computed on the basis of a year of 360 days and twelve 30-day months. Each Bond shall bear interest on overdue principal and interest at the rate or rates borne by the Bonds during such time.

(c) Bonds Held in Book-Entry Form. Notwithstanding anything herein to the contrary, the Bonds initially shall be held in book-entry form by DTC acting as depository pursuant to the terms and conditions set forth in the Letter of Representations. To induce DTC to accept the Bonds as eligible for deposit at DTC, LACF2 has authorized execution and delivery to DTC of the Letter of Representations. Neither LACF2 nor the Trustee shall have any responsibility or obligation to

DTC participants or the persons for whom they act as nominees with respect to the Bonds regarding accuracy of any records maintained by DTC or any DTC participant, the payment by DTC or any DTC participant of any amount in respect of the principal or redemption price of or interest on the Bonds, any notice that is permitted or required to be given to Owners hereunder (except such notice as is required to be given by LACF2 to the Trustee or to DTC), the selection by DTC or any DTC participant of any person to receive payment in the event of a partial redemption of the Bonds, or any consent given or other action taken by DTC as Owner of the Bonds. For so long as any Bonds are held in fully immobilized form hereunder, DTC, its successor or any substitute depository appointed by LACF2, as applicable, shall be deemed to be the Owner for all purposes hereunder, and all references to Owners or Bond Owners shall mean DTC or its nominee or its successor and shall not mean any Beneficial Owners of the Bonds.

(d) Use of Depository.

(1) The Bonds shall be registered initially in the name of CEDE & Co., as nominee of DTC, with one Bond maturing on each of the maturity dates for the Bonds in a denomination corresponding to the total principal therein designated to mature on such date. Registered ownership of such immobilized Bonds, or any portions thereof, may not thereafter be transferred except (A) to any successor of DTC or its nominee, provided that any such successor shall be qualified under any applicable laws to provide the service proposed to be provided by it; (B) to any substitute depository appointed by LACF2 pursuant to subsection (2) below or such substitute depository's successor; or (C) to any person as provided in subsection (4) below.

(2) Upon the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository or a determination by LACF2 to discontinue the system of book entry transfers through DTC or its successor (or any substitute depository or its successor), LACF2 may appoint a substitute depository. Any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it.

(3) In the case of any transfer pursuant to clause (A) or (B) of subsection (1) above, the Trustee shall, upon receipt of all outstanding Bonds, together with a written request on behalf of LACF2, issue a single new Bond for each maturity then outstanding, registered in the name of such successor or such substitute depository, or its nominee, as the case may be, all as specified in such written request of LACF2.

(4) In the event that (A) DTC or its successor (or substitute depository or its successor) resigns from its functions as depository, and no substitute depository can be obtained, or (B) LACF2 determines that it is in the best interest of the Beneficial Owners of the Bonds that such owners be able to obtain such Bonds in certificated form, the ownership of such Bonds may then be transferred to any person or entity as herein provided, and shall no longer be held in fully immobilized form. LACF2 shall deliver a written request to the Trustee, together with a supply of definitive Bonds in certificated form, to issue Bonds as herein provided in any Authorized Denomination. Upon receipt by the Trustee of all then outstanding Bonds together with a written request on behalf of LACF2 to the Trustee, new Bonds shall be issued in the appropriate Authorized

Denominations and maturities and registered in the names of such persons as are requested in such written request.

(e) Payments of Principal and Interest. Principal and interest with respect to the Bonds shall be payable in lawful money of the United States of America. For so long as all Bonds are in fully immobilized form, payments of principal and interest thereon shall be made as provided in accordance with the operational arrangements of DTC referred to in the Letter of Representations. In the event that the Bonds are no longer in fully immobilized form, interest on the Bonds shall be paid by the Trustee by check mailed on the applicable Interest Payment Date to the Owner as of close of business on the applicable Record Date, at his address as it appears on the Bond Register or at such other address as is furnished in writing by such Owner to the Trustee (provided, however, that the Trustee shall, at the request of any Owner of \$1,000,000 or more in aggregate principal amount of Bonds, make payments of interest on such Bonds by wire transfer to the account at any bank in the United States designated by such Owner in writing on or before the Record Date), and the principal of the Bonds shall be payable in lawful money of the United States of America upon surrender thereof at the Corporate Trust Office of the Trustee. No payment of principal shall be made on any certificated Bond unless and until such Bond is surrendered to the Trustee for payment.

(f) Special, Limited Obligations. The Bonds are special, limited obligations of LACF2 payable solely as provided herein and secured solely as provided herein and in the Other Documents. The Trustee is only obligated to pass-through payments to Bond Owners in accordance with their relative interests; the Bonds shall not be obligations of the Trustee.

(g) Form of Bonds. The Bonds shall be in substantially the form set forth in Exhibit A hereto, with appropriate or necessary insertions, omissions and variations as permitted or required hereby.

**Section 2.03. Execution of Bonds.** The Bonds shall be executed in the name and on behalf of LACF2 with the manual or facsimile signature of its President, attested by the manual or facsimile signature of its Secretary. The Bonds shall then be delivered to the Trustee for authentication by it. In case any of the officials who shall have signed or attested any of the Bonds shall cease to be such official or officials of LACF2 before the Bonds so signed or attested shall have been authenticated or delivered by the Trustee or issued by LACF2, such Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, shall be as binding upon LACF2 as though those who signed and attested the same had continued to be such officials of LACF2, and also any Bond may be signed and attested on behalf of LACF2 by such persons as at the actual date of execution of such Bond shall be the proper officials of LACF2 although at the nominal date of such Bond any such person shall not have been such officer of LACF2.

Only those Bonds that bear thereon a certificate of authentication substantially in the form as that set forth in Exhibit A hereto, manually executed by the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of this Indenture, and such certificate of the Trustee shall be conclusive evidence that the Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this Indenture.

**Section 2.04. Transfer of Bonds.** Any Bond may, in accordance with its terms, be transferred, upon the books required to be kept pursuant to the provisions of Section 2.06 hereof, by the Person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such registered Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form approved by the Trustee. Beneficial Owners shall not have any right to cause a transfer of Bonds as provided in this Section 2.04.

Whenever any Bond or Bonds shall be surrendered for transfer, LACF2 shall execute and the Trustee shall authenticate and date the Bond or Bonds and shall deliver a new Bond or Bonds of a like aggregate principal amount and of the same maturity and interest rate. The Trustee shall require the Bond Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer, and may in addition require the payment of a reasonable sum to cover expenses incurred by LACF2 or the Trustee in connection with such transfer.

**Section 2.05. Exchange of Bonds.** If the Bonds are no longer held in fully immobilized form, Bonds may be exchanged at the Corporate Trust Office of the Trustee for a like aggregate principal amount of Bonds of other Authorized Denominations and of the same maturity and interest rate. The Trustee shall require the Bond Owner requesting such exchange to pay any tax or other governmental charge required to be paid with respect to such exchange, and may in addition require the payment of a reasonable sum to cover expenses incurred by LACF2 or the Trustee in connection with such exchange.

**Section 2.06. Bond Register.** The Trustee will keep or cause to be kept, at the Corporate Trust Office of the Trustee, sufficient books for the registration and transfer of the Bonds (the "Bond Register"), which shall at all times be open to inspection during regular business hours by LACF2; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on such books, Bonds as hereinbefore provided. Records of beneficial ownership of the Bonds shall not be maintained by the Trustee.

**Section 2.07. Bonds Mutilated, Lost, Destroyed or Stolen.** If any Bond shall become mutilated, LACF2, at the expense of the Owner of that Bond, shall execute, and the Trustee thereupon shall authenticate and deliver, a new Bond of like tenor and amount in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be cancelled by it and delivered to, or upon the order of, LACF2. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to LACF2 and the Trustee and, if such evidence is satisfactory to them and indemnity satisfactory to them is given, LACF2, at the expense of the Owner, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor and amount in lieu of and in substitution for the Bond so lost, destroyed or stolen (or if any such Bond shall have matured or shall be about to mature, instead of issuing a substitute Bond, LACF2 may pay the same without surrender thereof). LACF2 may require payment by the Owner of a sum not exceeding the actual cost of preparing each new Bond issued under this Section and of the expenses that may be incurred by LACF2 and the Trustee in the premises. Any Bond issued under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of LACF2 whether or not the

Bond so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be entitled to the benefits of this Indenture with all other Bonds issued under this Indenture.

**Section 2.08. Additional Bonds.** LACF2 shall not issue any series of obligations payable from or secured by the Trust Estate other than the Bonds, except that LACF2 reserves the right, at the direction of an Authorized Officer of the County, to issue future obligations only for the purpose of refunding all or a portion of the Bonds or for the purpose of financing the repair or replacement of tenant improvements to the Premises, with a security interest, pledge, or lien on the Trust Estate on a parity with the security interest, pledge, and lien thereon of the Bonds (“Additional Bonds”) upon compliance with the following conditions:

(a) the Ground Lease and the Facilities Lease are in effect and no Facilities Lease Default Event has occurred and is then continuing as evidenced to the Trustee by a certificate of the County;

(b) the County and LACF2 enter into and approve an amendment to or restatement of the Facilities Lease providing for Base Rent payments sufficient to pay all payments of principal of, interest and premium, if any, on all Outstanding Bonds and Additional Bonds;

(c) the amendment or restatement of the Facilities Lease or a memorandum thereof must be recorded;

(d) appropriate title insurance endorsements, as necessary, are delivered to the Trustee; provided, that the Trustee has no duty to request or examine any such endorsements or to determine the adequacy or sufficiency of any such endorsements;

(e) LACF2 and the Trustee enter into a Supplemental Indenture pursuant to Section 9.02(h) providing for the creation of a bond fund for the payment of principal of and interest on the Additional Bonds and other Funds and Accounts required to effect the refunding of all or a portion of the Bonds;

(f) the Other Documents, as applicable, are amended as necessary to provide that such Other Documents secure the principal of and interest on all Outstanding Bonds and Additional Bonds; and

(g) LACF2 and the Trustee receive an opinion of Bond Counsel to the effect that the issuance of such Additional Bonds is authorized under this Indenture, shall not adversely affect the tax-exempt status of other Bonds originally issued on a tax-exempt basis, and that all conditions to the issuance of such Additional Bonds set forth in this Indenture and the Other Documents have been complied with.

## **ARTICLE III**

### **REDEMPTION OF BONDS**

#### **Section 3.01. Terms of Redemption.**

(a) Optional Redemption. The Bonds are subject to redemption prior to their stated maturity as described below (i) upon the written direction of the County given to LACF2 and the Trustee at least 30 days prior to the date fixed for redemption; and (ii) otherwise upon the written direction of LACF2 given to the Trustee at least 30 days prior to the date fixed for redemption, in either case as a whole or in part (and if in part with maturities to be selected by the County, so long as no Facilities Lease Default Event has occurred and is continuing, and otherwise by LACF2).

[The Bonds maturing on and prior to December 1, 20\_\_ are not subject to optional redemption prior to their scheduled maturity. The Bonds maturing on and after December 1, 20\_\_, are subject to redemption, in whole or in part, in Authorized Denominations, on any date on and after December 1, 20\_\_, from (i) prepaid Base Rent paid pursuant to Section 4.3 of the Facilities Lease, or (ii) any other source of available funds, at a price of par plus accrued interest to the date of redemption.]

The selection of Bonds to be redeemed within a maturity shall be made as provided in Section 3.03 of this Indenture.

(b) Mandatory Sinking Fund Redemption. The Bonds maturing in 20\_\_, 20\_\_ and 20\_\_ are Term Bonds subject to mandatory sinking fund redemption (in such a manner as DTC or the Trustee, as applicable, shall determine) at a price of 100% of the principal amount of the Bonds to be redeemed plus accrued interest to the date of redemption on December 1 in years and amounts as follows:

20__ Term Bonds	
Redemption Years (December 1)	Redemption Amounts
_____	_____
	\$

\*

\_\_\_\_\_  
\* Final maturity

20__ Term Bonds	
Redemption Years (December 1)	Redemption Amounts
_____	_____
	\$

\*

\_\_\_\_\_  
\* Final maturity



20\_\_ Term Bonds

Redemption Years (December 1)	Redemption Amounts
_____	\$ _____

\*

\_\_\_\_\_  
\* Final maturity

The principal amount of any term Bonds optionally redeemed pursuant to Section 3.01(a) shall be credited against the scheduled redemptions of such Bonds in the manner designated by an Authorized Officer of the County or LACF2, as applicable.

(c) Extraordinary Optional Redemption. The Bonds are subject to extraordinary optional redemption in whole, and not in part, on any date (and will be redeemed on the first practical date for which notice may reasonably be given by the Trustee), at a price of par plus accrued interest to the date of redemption, upon the receipt by the Trustee of (i) insurance proceeds under the circumstances described in Section 19.2(b) of the Facilities Lease or (ii) condemnation proceeds under the circumstances described in Section 20 of the Facilities Lease. Upon receipt of notice from the County of the occurrence of circumstances described in Section 19.2(b) or Section 20 of the Facilities Lease and setting a redemption date, the Trustee will call Bonds for extraordinary redemption on the first practical date for which notice may reasonably be given and on which the redemption price is or will be available.

**Section 3.02. Notice of Redemption.** As long as the Bonds are held in book-entry only form, notice of redemption (which may be conditional) shall be given by DTC solely in accordance with the operational arrangements of DTC as then set forth. If the Bonds are no longer held in book-entry form, notice of redemption shall be given as provided hereinafter. The Trustee shall give notice of redemption by first class mail, postage prepaid, mailed no fewer than 20 nor more than 60 days prior to the redemption date to each Owner of Bonds to be redeemed at the address of such Owner appearing in the Bond Register. Any notice of optional redemption may be conditional and may be revocable at any time prior to the conditions set forth therein being satisfied in full.

Neither the failure of any Owner to receive notice mailed as provided herein nor any defect in notice so mailed shall affect the validity of the proceedings for redemption in accordance herewith.

All notices of redemption shall state:

- (a) the redemption date and the conditions, if any, of redemption;
- (b) the redemption price;
- (c) the amount of accrued interest payable on the redemption date (if such amount can be calculated at the time the notice is mailed);

(d) the designation of the Bonds to be redeemed, the principal amount of Bonds to be redeemed, and, if less than all Outstanding Bonds are to be redeemed, the identification (and, in the case of partial redemption, the principal amounts) of the Bonds to be redeemed;

(e) that (unless the notice of redemption is a conditional notice, in which case the notice shall state that interest shall cease to accrue from the date fixed for redemption if and to the extent that funds have been provided to the Trustee for the redemption of Bonds) on the redemption date the redemption price of each such Bond will become due and payable and that interest on each such Bond shall cease to accrue on and after such date;

(f) the place or places where such Bonds must be surrendered for payment of the redemption price thereof; and

(g) such additional information as LACF2 shall deem appropriate.

Notice of redemption having been given to the Owners as aforesaid and if the notice of redemption is conditional and the conditions stated in the notice of redemption have been met, such Bonds to be redeemed shall become due and payable on the redemption date at the redemption price specified, and on and after such date (unless LACF2 shall default in the payment of the redemption price) such Bonds shall cease to bear interest. Upon surrender of any such Bond for redemption in accordance with such notice, such Bond shall be paid at the redemption price thereof, to the extent of funds on deposit with the Trustee and available therefor. To the extent possible, each check or other transfer of funds issued for the payment of the redemption price of Bonds being redeemed shall bear the CUSIP number identifying, by maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

If any Bond called for redemption shall not be so paid upon surrender thereof for redemption, the redemption price and, to the extent lawful, interest thereon shall, until paid, bear interest from the redemption date at the rate borne by the Bond immediately before the redemption date.

**Section 3.03. Partial Redemption of Bonds.** For so long as the Bonds are held in fully immobilized form, the selection of particular Bonds within a maturity to be redeemed, whether by optional or mandatory redemption, will be made in accordance with the operational arrangements then in effect at DTC.

If less than all of the Bonds of a particular maturity shall be called for any optional redemption or mandatory sinking fund redemption: (1) if the Bonds are not registered in book-entry only form, the Trustee will select by lot the Bonds to be redeemed; and (2) if the Bonds are in book-entry only form and so long as DTC or a successor securities depository is the sole registered owner of the Bonds, Bonds to be redeemed will be selected in accordance with DTC's procedures in effect at such time.

Upon surrender of any Bond redeemed in part only, LACF2 shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at no expense to the Owner, a new Bond or Bonds of Authorized Denominations equal in aggregate principal amount to the unredeemed portion of the Bond surrendered. Costs of printing and/or authentication of new Bonds shall be paid by LACF2.

**Section 3.04. Effect of Redemption.** Notice of redemption having been duly given as aforesaid, and money for payment of the redemption price of, together with interest accrued to the date fixed for redemption on, the Bonds (or portions thereof) so called for redemption being held by the Trustee, on the redemption date designated in such notice, the Bonds (or portions thereof) so called for redemption shall become due and payable, interest on the Bonds so called for redemption shall cease to accrue on the redemption date, said Bonds (or portions thereof) shall cease to be entitled to any benefit or security under this Indenture, and the Owners of said Bonds shall have no rights in respect thereof except to receive payment of said principal and interest accrued to the date fixed for redemption.

All Bonds redeemed pursuant to the provisions of this Article shall be cancelled by the Trustee upon surrender thereof.

**Section 3.05. Purchase of Bonds.** At the written direction of an Authorized Officer of the County, so long as no Facilities Lease Default Event has occurred and is continuing, and otherwise at the written direction of LACF2 and with the sources of funds specified by the County and/or LACF2, the Trustee shall purchase Bonds offered to the County or LACF2 at prices deemed acceptable to the County or LACF2, as applicable. The principal amount of any term Bonds purchased pursuant to this Section 3.05 shall be credited against the scheduled redemptions of such Bonds in the manner designated by an Authorized Officer of the County or LACF2, as applicable, in accordance with the provisions of Section 3.01(b) hereof.

## ARTICLE IV

### CREATION OF FUNDS AND ACCOUNTS; PAYMENT OF PRINCIPAL OF AND INTEREST ON BONDS

**Section 4.01. Cost of Issuance Fund.** [The Trustee shall establish and maintain in trust with the Trustee a separate Fund designated the “Cost of Issuance Fund” for the purpose of paying Costs of Issuance. On the Date of Issue, proceeds of the Bonds in the amount of \$[\_\_\_\_\_] shall be deposited in the Cost of Issuance Fund. On or after the Date of Issue, the Trustee shall make payments from the Cost of Issuance Fund upon receipt of a requisition from LACF2 in substantially the form attached hereto as Exhibit B. On the earlier of (i) six months from the Date of Issue, or (ii) the date the Trustee receives written direction from an Authorized Officer of LACF2 that LACF2 has determined that all Costs of Issuance have been paid, the Trustee shall transfer the balance on hand in the Cost of Issuance Fund to the Project Fund, and the Cost of Issuance Fund shall then be closed. All payments made from the Cost of Issuance Fund pursuant to a requisition in proper form shall be presumed to be made properly and the Trustee shall not be required to see to the application of any such payments or to make any investigation or inquiry into the purposes for which withdrawals are being made from the Cost of Issuance Fund. The Trustee shall be fully protected in relying upon any such requisitions.]

### **Section 4.02. Project Fund.**

(a) **Establishment.** The Trustee shall establish and maintain in trust with the Trustee a separate Fund designated the “Project Fund” for the purpose of paying Costs of the Project (other than Costs of Issuance and the capitalized interest described in [(vi)] of the definition of Costs),

and shall establish therein and maintain in trust with the Trustee certain Accounts designated (i) a Bond Proceeds Account, into which shall be deposited \$[\_\_\_\_\_] from proceeds of the Bonds, and (ii) a Non-Bond Proceeds Account, into which may be deposited, from time to time, certain funds pursuant to Section 4.04 hereof.

All amounts in the Project Fund, until applied as hereinafter provided, shall be held for the security of all Bonds Outstanding hereunder.

The Trustee shall maintain records sufficient to permit calculation of the income on investments and interest earned on deposit of amounts held in the Project Fund and in each Account therein separately. Copies of such records shall be made available monthly to LACF2, the County and the Developer. The income and interest from the Accounts within the Project Fund shall be retained in the respective Accounts within the Project Fund.

(b) Payments From Accounts Within Project Fund. The Trustee shall disburse money from the Accounts within the Project Fund to pay Costs of the Project (other than Costs of Issuance and the capitalized interest described in [(vi)] of the definition of Costs (which capitalized interest will be paid from the Capitalized Interest Fund)) upon receipt of requisitions from LACF2, signed by its Authorized Officer, in the form attached hereto as Exhibit B and incorporated herein by this reference. In the event that any portion of the Developer's Fee is forfeited pursuant to the terms of the Development Agreement, all or a portion of such amount may, at the direction of the Authorized Officer of LACF2, be transferred to the Interest Account and/or the Principal Account and applied to pay debt service on the Bonds subject to the limitations described in the Tax Certificate. Amounts deposited to the Non-Bond Proceeds Account under Section 4.04 may also be used to pay costs to repair or restore the Project as provided therein. All payments made from Accounts within the Project Fund pursuant to such requisitions shall be presumed to be made properly, and the Trustee shall not be required to see to the application of any payments made from the Accounts within the Project Fund, to determine the propriety of any such requisition, including without limitation pursuant to the Development Agreement (except that the Trustee shall be required to determine that any such requisition has been signed by the Authorized Officer of LACF2 as set forth on Exhibit B to this Indenture) or otherwise to make any investigation or inquiry into the purposes for which disbursements are made from the Accounts within the Project Fund.

Any requisition received by the Trustee by 1:00 p.m., Pacific time, on any Business Day shall be paid by the Trustee in immediately available funds no later than 1:00 p.m. Pacific time on the next succeeding Business Day. Any requisition received by the Trustee after 1:00 p.m., Pacific time, on any Business Day shall be paid by the Trustee in immediately available funds no later than 1:00 p.m., Pacific time, on the second succeeding Business Day. The Trustee shall retain copies or records of each requisition and shall not destroy such records for a period of at least seven years after receipt without the prior consent of LACF2 and the County, which consent will not unreasonably be withheld.

(c) Final Payment. Upon "Final Acceptance," as defined in the Facilities Lease, LACF2 shall promptly deliver to the County and the Trustee a final completion certificate in the form attached hereto as Exhibit C. Upon receipt of such completion certificate, and after making any transfer to the Rebate Fund, the Trustee shall retain certain funds in the Accounts within the

Project Fund as may be indicated on such completion certificate, and at the written direction of LACF2 (consented to in writing by the County so long as no Facilities Lease Default Event has occurred and is continuing), the Trustee shall transfer any funds remaining in the Project Fund in excess of the amounts specified to the Trustee by LACF2 in the completion certificate to the Principal Account promptly upon receipt of such direction. Any such funds transferred to the Principal Account shall be applied to pay principal of the Bonds as described and permitted in the Tax Certificate. The balance remaining in the Project Fund shall be retained by the Trustee and applied as directed in writing by LACF2, and any amount remaining after receipt by the Trustee of written notice from LACF2 that all conditions for paying retained funds have been satisfied or waived shall be transferred to the Principal Account promptly upon receipt of such notice, and the Bond Proceeds Account within the Project Fund shall then be closed. Any such funds transferred to the Principal Account shall be applied to pay principal of the Bonds as described and permitted in the Tax Certificate. The Non-Bond Proceeds Account shall remain open for the purpose of receiving, from time to time, certain funds pursuant to Section 4.04 hereof. LACF2 shall promptly send a copy to the County of any such written directions to the Trustee.

(d) Notices to Trustee. LACF2 shall provide written notice to the Trustee and the County promptly upon its actual knowledge of the occurrence of the following:

- (1) Final completion of the Project (through delivery of notice in the form of Exhibit C); and
- (2) Any Facilities Lease Default Event.

(e) Disclaimer of LACF2. LACF2 makes no representation that the amounts deposited or to be deposited in the Project Fund or any Account therein will be sufficient to complete the Project, and LACF2 has no obligation to deposit any funds in the Project Fund or any Account therein except from proceeds of the Bonds, from other Funds and Accounts under this Indenture, and from such other sources as may be provided for under the Facilities Lease.

**Section 4.03. Capitalized Interest Fund.** The Trustee shall establish and maintain in trust with the Trustee a separate Fund designated the “Capitalized Interest Fund” for the purpose of paying debt service on the Bonds through and including \_\_\_\_\_ 1, 20\_\_\_. From the Bond proceeds \$\_\_\_\_\_ shall be deposited into the Capitalized Interest Fund subject to this Section 4.03. To the extent of funds on deposit therein and available therefor, transfers from the Capitalized Interest Fund to the Interest Account shall be made without requisition in accordance with Section 4.06(c) hereof. All amounts in the Capitalized Interest Fund, until applied as hereinafter provided, shall be held for the security of all Bonds Outstanding hereunder. All investment earnings on money in the Capitalized Interest Fund shall be credited to the Capitalized Interest Fund. On or after the Rent Commencement Date, the balance on hand in the Capitalized Interest Fund (except such amount as is necessary, when added to scheduled payments of Monthly Rent, to pay interest on the Bonds on the next Interest Payment Date), at the written direction of LACF, with a copy to the County, shall be transferred to the Bond Proceeds Account of the Project Fund to be disbursed to pay any unpaid Costs of the Project or shall be transferred to the Principal Account to be applied to pay principal of the Bonds. The Trustee shall then close the Capitalized Interest Fund. The Trustee shall notify the County and LACF in writing of the amount of such

balance, if any, transferred from the Capitalized Interest Fund to the Bond Proceeds Account or the Principal Account

**Section 4.04. Deposits of Funds Other Than Bond Proceeds Into the Project Fund; Insurance and Condemnation Proceeds.**

(a) Insurance Proceeds.

(1) *To Non-Bond Proceeds Account.* If the Trustee receives (A) any payments from LACF2 or the County with written direction to the Trustee, with a copy to LACF2 or the County, as applicable, that such payments be deposited in the Non-Bond Proceeds Account or (B) proceeds of insurance for damage to the Project, including proceeds of the “Builder’s Risk” insurance, the Trustee shall deposit such funds in the Non-Bond Proceeds Account and LACF2 shall direct the Trustee to apply such funds in accordance with Section 19 of the Facilities Lease either (i) to pay the costs to repair and restore the Project or to pay Costs of the Project, pursuant to written requisitions in accordance with Section 4.02(b) hereof submitted to the Trustee, or (ii) to redemption of the Bonds pursuant to Section 3.01(c).

(2) *To Interest Account.* If the Trustee receives (A) any insurance proceeds attributable to delays in completing the Project under the “Builder’s Risk” insurance required pursuant to Exhibit [ ] of the Development Agreement, and such proceeds are designated for such purpose by LACF2 in writing to the Trustee, with a copy to the County, such funds shall be deposited in the Interest Account to be used (before using funds in the Capitalized Interest Fund) to pay interest on the Bonds, in accordance with Section 4.06(c) hereof or (B) any insurance proceeds in connection with partial destruction of the Premises and such funds are not disbursed from the Non-Bond Proceeds Account to pay costs of restoration, pursuant to Section 19.2(c) of the Facilities Lease, such funds shall be transferred from the Non-Bond Proceeds Account to the Interest Account to be used to pay interest on the Bonds.

(b) Condemnation Proceeds.

(1) If prior to completion of the Project, LACF2 receives condemnation proceeds with respect to the Premises pursuant to Section 20 of the Facilities Lease, it shall pay those condemnation proceeds over to the Trustee, with written instructions, with a copy to the County, to apply them as follows:

(A) *Project Cannot Be Completed.* If the Project cannot be completed, LACF2 shall give the Trustee written notice that all or a portion of such condemnation proceeds shall be deposited into the Non-Bond Proceeds Account in the specified amount necessary to pay the parties entitled thereto for all Costs of the Project incurred as of the date of such condemnation (provided, however, that upon the written direction of LACF2 the Trustee shall first apply for such purpose any funds then available in the Bond Proceeds Account), and the balance shall be applied by the Trustee at the direction of LACF2, with a copy to the County, to defease such Bonds as are directed by LACF2 pursuant to

Section 10.02 hereof and to reimburse the Trustee for any costs incurred by the Trustee for which it is entitled under the Indenture for reimbursement.

(B) *Project Can Be Completed.* If the Trustee receives written notice from LACF2 that the Project can be completed, such condemnation proceeds shall be deposited into the Non-Bond Proceeds Account to pay Costs of the Project, as directed by LACF2 in writing, with a copy to the County (provided, however, that upon the written direction of LACF2, with a copy to the County, the Trustee shall first apply for such purpose any funds then available in the Bond Proceeds Account).

(2) If after completion of the Project, LACF2 receives condemnation proceeds with respect to the Premises pursuant to Section 20 of the Facilities Lease, it shall pay those condemnation proceeds over to the Trustee, with written instructions, with a copy to the County, for deposit into the Capital Repairs Fund and application by the Trustee as follows: (A) to pay costs of restoring the Premises and/or (B) for transfer of a specified amount to a specified Account in the Bond Fund.

(c) LACF2 Deposits to Non-Bond Proceeds Account. If the Trustee receives any payment from LACF2 or the County for any additional Costs of the Project that the County is obligated to pay under the Facilities Lease, then upon written instructions from LACF2, with a copy to the County, the Trustee shall deposit any such funds into the Non-Bond Proceeds Account. Upon the written direction of LACF2, with a copy to the County, the Trustee shall (i) apply such funds to pay Costs of the Project and/or (ii) shall transfer a specified amount to a specified Account in the Bond Fund.

#### **Section 4.05. Revenue Fund.**

(a) The Trustee shall establish and maintain in trust with the Trustee a separate Fund designated the “Revenue Fund” into which the Trustee shall deposit:

- (1) the Base Rent described in Section 4 of the Facilities Lease;
  - (2) all net earnings on investments of money in the Revenue Fund;
  - (3) all monies received by the Trustee pursuant to the Development Agreement;
- and
- (4) all other money (including without limitation Additional Rent received for deposit to the Revenue Fund) received by the Trustee with written instructions by LACF2, with a copy to the County, to deposit it in the Revenue Fund.

All Base Rent determined in accordance with Section 4 of the Facilities Lease shall be paid directly to the Trustee for deposit in the Revenue Fund. Following the Rent Commencement Date, the Trustee shall notify LACF2 and the County by the close of business on each Rent Payment Date if Base Rent due on such Rent Payment Date has not been received.

(b) The money and investments in the Revenue Fund shall be used and transferred by the Trustee, as follows and in the following order of priority:

(1) On or prior to each Interest Payment Date, the amount necessary to pay the interest on the Bonds coming due on the Interest Payment Date to the Interest Account;

(2) On or prior to each Principal Payment Date, the amount necessary to pay the regularly scheduled principal (including mandatory redemption amounts pursuant to Section 3.01(b) hereof) of Bonds maturing on such Principal Payment Date to the Principal Account;

(3) On or prior to each day on which Bonds shall be subject to redemption prior to scheduled maturity, the redemption price of Bonds to be redeemed to the Redemption Account; and

(4) To pay Administrative Fees and Expenses, but only upon the written direction of an Authorized Officer of LACF2; provided, that such written direction shall not be required if an Event of Default has occurred and is continuing.

Upon the occurrence and continuation of an Event of Default and acceleration of all Bonds for maturity pursuant to Section 7.02 hereof, and subject to the lien, pledge, and security interest, of all Bonds, all money in the Revenue Fund and all funds that are then on deposit with the Trustee pursuant to this Indenture (other than funds on deposit in the Rebate Fund and the Capital Repairs Fund) shall be transferred to the Principal Account.

#### **Section 4.06. Bond Fund.**

(a) Establishment. The Trustee shall establish and maintain in trust with the Trustee a separate Fund designated the “Bond Fund” for purposes of paying the principal of and interest on the Bonds as the same shall become due and payable, and shall establish therein and maintain in trust with the Trustee certain Accounts designated (i) an Interest Account, (ii) a Principal Account, and (iii) a Redemption Account.

(b) Deposits Into Bond Fund. The Trustee shall deposit the following sums into the Bond Fund:

(1) On each Interest Payment Date, to the Interest Account an amount that, together with any other money then available therefor in the Interest Account, will be equal to the interest on all of the Bonds then Outstanding to become due and payable on that Interest Payment Date;

(2) On each Principal Payment Date for as long as any of the Bonds are Outstanding and unpaid, to the Principal Account an amount that, together with any other money available therefor in the Principal Account, will be equal to the principal (including mandatory redemption amounts pursuant to Section 3.01(b) hereof) of the Bonds to become due and payable on that Principal Payment Date;

(3) On each date on which the Bonds are subject to redemption prior to maturity, whether by optional redemption or acceleration prior to maturity, to the Redemption Account the redemption price of the Bonds to be redeemed;



(4) As received, all investment earnings on the Bond Fund to the respective Account; and

(5) All other money directed in writing by LACF2 or the County, with a copy to LACF2 or the County, as applicable, to be deposited therein.

(c) Source of Funds for Deposits to Bond Fund. Following the Date of Issue and until the Rent Commencement Date, the deposits to the Interest Account referred to in Section 4.06(b)(1) shall be made from funds on hand in the Capitalized Interest Fund.

Following the Rent Commencement Date, the deposits to the Bond Fund are expected to be made from the following sources (not identified in order of priority) (i) transfers made pursuant to Section 4.02(c) from the Bond Proceeds Account and/or the Non-Bond Proceeds Account in the Project Fund, (ii) transfers made pursuant to Section 4.03 from the Capitalized Interest Fund; and (iii) money on hand in the Revenue Fund. Notwithstanding the foregoing, the Trustee may accept deposits from any source, with written instructions from LACF2 or the County, as applicable, with a copy to the other, to deposit the same into the Bond Fund.

(d) Balance in Bond Fund. The Trustee shall provide LACF2 and the County with monthly reports regarding balances on hand in the Project Fund, Revenue Fund and the Bond Fund from time to time. In the event that monthly statements from the Trustee reflect balances on hand in the Revenue Fund and the Bond Fund available to pay upcoming maturities of debt service, the County and LACF2, with written notice to the Trustee from LACF2, may adjust upcoming payments of Base Rent.

(e) Use of Money in Bond Fund. Except as otherwise provided in Sections 4.09, 4.11, 4.12, 4.13, 7.03 and Article X hereof, money in the Bond Fund shall be used solely for the payment of the principal of and interest on the Bonds as the same shall become due and payable at maturity, upon redemption or acceleration or otherwise, and the lien, pledge, and security interest of the Trustee for the benefit of the Owners of Bonds on such money shall be first and prior to the lien, pledge, or security interest of any other Person thereon.

**Section 4.07. Liens.** LACF2 shall not create or suffer to exist any lien, security interest, pledge, or encumbrance upon the Trust Estate or any part thereof, other than the security interest, pledge, and lien hereby created or permitted to be created hereby for the benefit of Additional Bonds, by the Deed of Trust or by the Assignment of Leases.

**Section 4.08. Bonds Not Presented for Payment.** In the event any Bonds shall not be presented for payment when the principal thereof becomes due, either at maturity or at the date fixed for redemption thereof or otherwise, if money sufficient to pay such Bonds is held by the Trustee for the benefit of the Owners thereof, the Trustee shall segregate and hold such money in trust, without investing such money and without liability for interest thereon, for the benefit of Owners of such Bonds, who shall, except as provided in the following paragraph, thereafter be restricted exclusively to such Fund or funds for the satisfaction of any claim of whatever nature on their part under this Indenture or relating to said Bonds.

Any money that the Trustee shall segregate and hold in trust for the payment of the principal of or interest on any Bond and remaining unclaimed for five years after such principal or

interest shall have become due and payable shall be remitted by the Trustee in accordance with applicable escheat authority, as identified by the Trustee in its sole discretion, pursuant to and in accordance with applicable unclaimed property laws, rules or regulations, and thereafter Owners of Bonds shall be entitled to look only to such Owners' rights provided under the laws of the jurisdiction of any such pertinent escheat authority, as applicable, and all liability of the Trustee with respect to such money shall thereupon cease; provided, however, that before such money is remitted as aforesaid, the Trustee may at the written request of the County (at the cost of the County), so long as no Facilities Lease Default Event has occurred and is continuing, and otherwise at the written request of LACF2 (at the cost of LACF2), first mail to the Owners of Bonds that have not yet been paid, at the addresses shown on the Bond Register, a notice, in such form as may be deemed appropriate by the Trustee, with respect to the Bonds so payable and not presented and with respect to such Owners' rights under applicable law. Any such delivery to any such escheat authority shall be in accordance with the customary practices and procedures of the Trustee and the escheat authority. Any money held by the Trustee pursuant to this Section shall be held uninvested and without any liability for interest.

**Section 4.09. Money Held in Trust.** All money required to be deposited with or paid to the Trustee for deposit into any Fund or Account under any provisions hereof, and all money held by the Trustee hereunder, shall be held by the Trustee (or any of its affiliates satisfying the requirements of Section 8.01(e) hereof) in trust.

**Section 4.10. Payment to the County.** Any money remaining in the Bond Fund after the right, title and interest of the Trustee in and to the Trust Estate and all covenants, agreements and other obligations of LACF2 under this Indenture shall have ceased, terminated and become void and shall have been satisfied and discharged in accordance with Article X hereof, shall be paid to the County as a rebate of or credit to Rent under the Facilities Lease.

**Section 4.11. Investment of Money.** All money held in the Project Fund, the Cost of Issuance Fund, the Capitalized Interest Fund, the Bond Fund, the Capital Repairs Fund and the Revenue Fund shall be invested by the Trustee at the written direction of an Authorized Officer of LACF2, with the written consent of the County, solely in Investment Securities which shall mature not later than the date when the amounts will foreseeably be needed for purposes set forth in this Indenture. Upon completion of the Project, LACF2 shall not direct the investment of Bond proceeds in any manner inconsistent with the limitations set forth in [Section 3.3.5 and Section 4.3] of the Tax Certificate (which outlines certain yield limitations). The Trustee shall have no obligation to determine whether any such directed investment is authorized under the definition of Investment Securities, to determine whether any such direction is in compliance, or has become noncompliant, with the Tax Certificate, or to otherwise approve or disapprove of any such direction and shall suffer no liability whatsoever in following any such direction. The Trustee may rely conclusively on the written direction of an Authorized Officer of LACF2 as to the suitability and legality of the directed investments. In the event that the Trustee shall not have received written direction as to the investment of such funds, the Trustee shall hold such funds uninvested pending its receipt of investment instruction from an Authorized Officer of LACF2.

Investment Securities acquired as an investment of money in any Fund or Account established under this Indenture and earnings thereon shall be credited to such Fund or Account, except as otherwise provided herein. Investments in any and all Funds and Accounts may be

commingled for purposes of making, holding, and disposing of investments, notwithstanding provisions herein for transfer to or holding in particular Funds and Accounts amounts received or held by the Trustee hereunder, provided that the Trustee shall at all times Account for such investments strictly in accordance with the Funds and Accounts to which they are credited and otherwise as provided in this Indenture. The Trustee may act as principal or agent in the making or disposing of any investment. The Trustee may sell or present for redemption any Investment Securities so purchased whenever it shall be necessary to provide money to meet any required payment, transfer, withdrawal or disbursement from the Fund or Account to which such Investment Security is credited. The Trustee may make any and all such investments through its own trust or investment department, or through any of its affiliates or subsidiaries. LACF2 acknowledges that to the extent that regulations of the Comptroller of the Currency or other applicable regulatory agency grant the right to receive brokerage confirmations of security transactions, at no additional cost, LACF2 waives receipt of such confirmations. The Trustee shall furnish to the County and LACF2 periodic statements of account which include detail of all investment transactions made by the Trustee.

**Section 4.12. Arbitrage Rebate.** LACF2 shall perform or cause to be performed the rebate calculations and will direct the Trustee to pay any required amounts to the United States of America in accordance with the provisions of the Tax Certificate. The Trustee shall not be responsible for performing rebate calculations and shall not be responsible for any loss or damage resulting from any action taken or omitted to be taken by LACF2 in performing such calculations or making any necessary payments.

**Section 4.13. Rebate Fund.**

(a) **Establishment.** The Trustee shall establish and maintain in trust with the Trustee a separate Fund designated the “Rebate Fund,” into which the Trustee shall deposit amounts received as provided in this Section 4.13. Notwithstanding any provision hereof to the contrary, funds deposited in the Rebate Fund shall be free and clear of any lien, pledge, or security interest hereunder, but shall be held in trust for the purposes described in this Section 4.13. At the direction of LACF2, the Trustee shall apply funds on deposit in the Rebate Fund to make the payments of Rebatable Arbitrage required pursuant to Section 4.12 hereof.

(b) **Rebate Calculations and Deposits.** LACF2 will, at its cost, hire a Rebate Analyst, which shall calculate (i) by no later than [August 30] of each year, commencing [August 30, 20\_\_], the Rebatable Arbitrage as of June 30 of the preceding fiscal year for each year following the Date of Issue, and (ii) within 15 days of final completion, the Rebatable Arbitrage as of the date of final completion. Based on each such calculation, the Trustee shall deposit into the Rebate Fund the amount, if any, from such Fund or Account as directed by LACF2, with the written approval of the County, promptly upon receipt of each such calculation from the Rebate Analyst.

(c) **Investment of Money in the Rebate Fund.** Money in the Rebate Fund shall be invested by the Trustee, upon written direction of an Authorized Officer of LACF2 in Investment Securities that mature no later than a date that is earlier than the date any payment of Rebatable Arbitrage is due.

(d) Rebate Withdrawals. If the annual calculation of Rebatale Arbitrage under subsection (b) of this Section 4.13 hereof indicates that the balance in the Rebate Fund exceeds the Rebatale Arbitrage as of the date thereof, then the Trustee shall, if directed in writing by LACF2, transfer all or any portion of such excess, (i) if prior to the Rent Commencement Date, to the Fund or Account from which it came, and (ii) if following the Rent Commencement Date, to the Revenue Fund.

(e) Remaining Balance. Any funds remaining in the Rebate Fund after the Bonds are no longer Outstanding and after the right, title and interest of the Trustee in and to the Trust Estate and all covenants, agreements and other obligations of LACF2 under this Indenture shall have ceased, terminated and become void and shall have been satisfied and discharged in accordance with Article X hereof, shall be paid to the County, so long as no Facilities Lease Default Event has occurred and is continuing, and otherwise to LACF2.

(f) Amendment. The intent of this Section 4.13 is to require funding of the Rebate Fund so that money in that Fund or Account will be available to pay Rebatale Arbitrage when it is required to be paid under Section 148 of the Code. Notwithstanding anything stated to the contrary in this Indenture, LACF2 shall not be required to retain a Rebate Analyst or continue to perform arbitrage rebate calculations as provided in this Section 4.13 if LACF2 provides the Trustee with an Opinion of Bond Counsel to the effect that LACF2 has met one of the permitted exceptions from the payment of Rebatale Arbitrage, no Rebatale Arbitrage is due and owing and/or rebate computations are no longer required (which opinion may rely upon the mathematical computations of a Rebate Analyst).

**Section 4.14. Additional Accounts and Subaccounts.** The Trustee may, in its discretion, establish such additional Accounts within the Project Fund, the Capital Repairs Fund, the Capitalized Interest Fund, and the Bond Fund, and Subaccounts within any of the Accounts within those Funds, as the Trustee may deem necessary or useful for the purpose of identifying more precisely the sources of payments into and disbursements from the Project Fund and Bond Fund and their Accounts, respectively, or for the purpose of complying with the requirements of the Code relating to arbitrage, but the establishment of any such Account or Subaccount shall not alter or modify any of the requirements of this Indenture with respect to a deposit or use of money in the Project Fund or the Bond Fund, or result in commingling of funds not permitted hereunder. In establishing such Accounts or Subaccounts, the Trustee may at any time request, receive and rely with full acquittance upon an Opinion of Bond Counsel, addressed to the Trustee and LACF2, that the establishment of such Accounts or Subaccounts will not cause any part of the Bonds to become arbitrage bonds within the meaning of the Code.

**Section 4.15. Capital Repairs Fund.** The Trustee shall establish and maintain in trust with the Trustee a separate Fund designated the “Capital Repairs Fund,” for purposes of holding and disbursing certain funds under the Facilities Lease for capital repairs under Section 5.11 of the Facilities Lease. Notwithstanding any provision hereof to the contrary, funds deposited in the Capital Repairs Fund shall be free and clear of any lien, pledge, or security interest hereunder, but shall be held in trust for the purposes described in this Section 4.15.

If LACF2 receives payments with a direction that they are to be used to fund a capital replacement reserve pursuant to Section 5.11 of the Facilities Lease, such payments shall be

delivered to the Trustee for deposit to the Capital Repairs Fund. Such proceeds shall be disbursed at the written direction of LACF2, with the written consent of the County, to pay the costs of capital improvements and major maintenance of the Premises. The Trustee shall have no duty to monitor or determine the necessity, adequacy or propriety of any funding of the Capital Repairs Fund or the use of any disbursements therefrom, whether or not a Facilities Lease Default Event has occurred and is then continuing.

Any funds remaining in the Capital Repairs Fund upon the final payment or defeasance of Bonds shall be disbursed to the County. The Bondholders shall have no right to direct the use and application of the proceeds of the Capital Repairs Fund. The Capital Repairs Fund is not a part of the Trust Estate, and the Bondholders shall not have any rights or obligations with respect to money in the Capital Repairs Fund.

**Section 4.16. Funds and Accounts.** Any Fund required by this Indenture to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee either as a Fund or an Account, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a Fund or as an Account; but all such records with respect to all such Funds and Accounts shall at all times be maintained in accordance with customary standards of the corporate trust industry, to the extent practicable, and with due regard for the protection of the security of the Bonds and the rights of every Owner thereof.

## ARTICLE V

### GENERAL COVENANTS

**Section 5.01. Not General Obligations.** Each and every covenant herein made, including all covenants made in the various sections of this Article V, is predicated upon the condition that the Bonds shall not be general obligations of LACF2, but shall be special, limited obligations of LACF2 payable solely as provided herein and secured solely as provided herein and in the Other Documents . LACF2 is a single-purpose entity, is not a governmental entity and does not have taxing power.

LACF2 shall execute and deliver the Deed of Trust and the Assignment of Leases and authorize the filing of the UCC Financing Statements related thereto and related to the Trust Estate in favor of the Trustee. LACF2 shall record the Deed of Trust and Assignment of Leases with the County Recorder of Los Angeles County and shall file an appropriately completed UCC Financing Statement with the California Secretary of State's Office, and the Trustee shall file continuation statements as described herein to maintain the effectiveness thereof. At the expense of LACF2, the Trustee shall prepare and file in a timely manner in such places as the initial filings (copies of which shall be provided to the Trustee by LACF2) were made a continuation statement with respect to each UCC Financing Statement on which the Trustee is listed as a secured party filed by LACF2 under this Section 5.01 on the Date of Issue; provided that the Trustee shall not be responsible for any initial filings of any financing statements or the information contained therein (including the exhibits thereto), the perfection of any such security interests or the accuracy or sufficiency of any description of collateral in such initial filings or for filing any modifications or amendments to the initial filings required by amendments of the UCC; and provided further, that

unless the Trustee shall have been notified by the County or LACF2 that any such initial filing or description of collateral was or has become defective, including without limitation because of any amendment of the UCC, the Trustee shall be fully protected in relying on such initial filing in filing continuation statement(s) or modifications thereto pursuant to this Section and in filing any continuation statements in the same filing offices as the initial filings were made.

LACF2 shall promptly cause to be paid, solely from the sources stated herein, the principal of and interest on every Bond issued under this Indenture at the place, on the dates and in the manner provided herein and in the Bonds according to the true intent and meaning thereof.

**Section 5.02. Performance of Covenants of LACF2; Representations.** LACF2 shall faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Indenture, in any and every Bond executed, authenticated and delivered hereunder, and in all proceedings pertaining thereto. LACF2 represents that it is authorized under the laws of the State to issue the Bonds authorized hereby, to enter into this Indenture, the Development Agreement, the Deed of Trust, the Assignment of Leases and the Facilities Lease, and to grant a security interest in, pledge, and create a lien on the Trust Estate as provided herein and in the Other Documents, and that the Bonds in the hands of the Owners thereof are and will be valid and binding obligations of LACF2 except as their enforceability may be limited by (i) bankruptcy, insolvency, reorganization, moratorium or other applicable laws in effect from time to time affecting the rights of creditors generally and (ii) the application of general principles of equity. LACF2 shall also comply with all of its covenants, warranties and representations under the Deed of Trust, the Assignment of Leases, the Development Agreement and the Facilities Lease.

**Section 5.03. Maintenance of Corporate Existence; Compliance With Laws.** LACF2 shall at all times while any Bonds remain Outstanding maintain its existence as a California nonprofit public benefit corporation and an organization exempt from taxation under Section 501(c)(3) of the Code, and it shall comply with all valid acts, rules, regulations, orders and directions of any legislative, executive, administrative or judicial body known to it to be applicable to its obligations under the Development Agreement, the Facilities Lease, the Deed of Trust, the Assignment of Leases and this Indenture.

**Section 5.04. Enforcement of Obligations of Third Parties to LACF2.** LACF2 shall monitor the Project and shall enforce (i) the obligations of the Developer under the Development Agreement; (ii) the obligations of the Architect and the General Contractor under LACF2's contracts therewith; (iii) the obligations of the County under the Facilities Lease, including specifically, but without limitation, the County's obligation to maintain insurance under the Facilities Lease, and (iv) the obligations of any other tenant under any other lease by LACF2 of the Premises. The Trustee shall cooperate with LACF2 in enforcing the foregoing obligations; provided, however, that the Trustee shall have no independent duty to enforce the foregoing obligations.

**Section 5.05. Further Instruments.** Without limiting in any way the Granting Clauses, LACF2 shall execute, and the Trustee shall accept, assignment of LACF2's rights (except for LACF2's rights of approval or consent), but none of its obligations, under the Development Agreement, the Architect's Agreement, the General Construction Contract (as or when the same become available) and any other construction-related agreements, as additional security for the

performance of its obligations hereunder. LACF2 shall, upon the reasonable request of the Trustee, from time to time execute and deliver such further instruments as may be reasonable and as may be required to carry out the purposes of this Indenture; provided, however, that the Trustee shall have no responsibility for the adequacy or sufficiency of any such security or assignments thereof.

**Section 5.06. Duty to Reconvey.** LACF2 will convey to the County title to the Premises (unencumbered by management contracts or any leases by LACF2 of the Premises), and, upon receipt of an executed deed from LACF2, the Trustee is authorized and directed to (i) request a full reconveyance of the Deed of Trust, and (ii) release such other liens and security interests of record in the Premises that it may hold without recourse, representation or warranty, then LACF2 shall record the grant deed with the County Recorder for Los Angeles County, without recourse or warranty and in its then condition, with any costs associated with such reconveyance and releases to be borne by LACF2 and with such recording to be borne by the County, upon the full payment and retirement or defeasance of all the Outstanding Bonds pursuant to the terms of this Indenture (including but not limited to the provisions of Article VI and Section 7.10 hereof), unless such payment and retirement of the Bonds occurs upon foreclosure on the Deed of Trust and a Facilities Lease Default Event has occurred and is continuing.

The Trustee shall be fully protected in relying upon any such direction to convey and grant the Premises by LACF2, and upon any such grant deed delivered to it by LACF2.

**Section 5.07. Amendments to the Other Documents; Assignment of Facilities Lease.** Any amendment of the Other Documents or assignment of the Facilities Lease by either LACF2 or the County shall be in accordance therewith and with this Indenture. LACF2 shall provide a copy of any such amendment or assignment to the Trustee.

**Section 5.08. Disposition of Project; Insurance of Premises.** LACF2 and the Trustee shall not sell, mortgage, lease or otherwise dispose of the Premises if prohibited by the Deed of Trust. If the Facilities Lease terminates by its terms at any time that Bonds remain Outstanding hereunder, LACF2 covenants to obtain and maintain, or cause the County to obtain and maintain liability and property insurance substantially as described in Sections 15 and 16 and Exhibit K of the Facilities Lease.

**Section 5.09. Tax Covenants.**

(a) LACF2 shall not take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of interest on the Bonds under Section 103 of the Code. Without limiting the generality of the foregoing, LACF2 shall comply with the requirements of the Tax Certificate, which is incorporated herein as if fully set forth herein. This covenant shall survive payment in full or defeasance of the Bonds.

(b) In the event that at any time LACF2 is of the opinion that for purposes of this Section it is necessary or helpful to restrict or limit the yield on the investment of any moneys held by the Trustee in any of the Funds or Accounts established hereunder, LACF2 shall so instruct the Trustee in writing, and the Trustee shall take such action as may be necessary in accordance with such instructions

(c) Notwithstanding any provisions of this Section, if LACF2 shall provide to the Trustee an Opinion of Bond Counsel to the effect that any specified action required under this Section is no longer required or that some further or different action is required to maintain the exclusion from federal income tax of interest on the Bonds, the Trustee may conclusively rely on such opinion in complying with the requirements of this Section and of the Tax Certificate, and the covenants hereunder shall be deemed to be modified to that extent.

## ARTICLE VI

### OPTIONS TO PREPAY FACILITIES LEASE AND PURCHASE PROJECT

**Section 6.01. Option to Purchase.** The County shall have the option to purchase the Premises and thereby terminate the Facilities Lease pursuant to and subject to the limitations set forth in the Facilities Lease. On or after the date the Bonds are subject to optional redemption, the purchase price of the Premises shall be an amount sufficient to pay all Outstanding Bonds, plus interest accrued thereon to the date of redemption. Prior to the date the Bonds are subject to optional redemption, the purchase price of the Premises shall be an amount sufficient to pay all Outstanding Bonds, plus interest accrued thereon to the date of redemption, plus the additional amount, if any, required to fully defease the Outstanding Bonds in accordance with Article X.

**Section 6.02. Exercise of Option.** The County shall give the Trustee not less than forty-five (45) days prior written notice of its irrevocable election to exercise its option to purchase under Section 6.01 hereof. The notice and direction shall include a direction to deposit funds with the Trustee at a time and in a manner sufficient to redeem and defease the Bonds as provided in Article X. The purchase price shall be paid to the Trustee in cash or same-day available funds timely paid to the Trustee on the closing date specified in such notice (or such other date as the County and the Trustee may mutually agree).

**Section 6.03. Conveyance of Premises.** On the closing date specified in the notice of election to exercise purchase option, or such other date as the County, LACF2 and the Trustee may mutually agree and if the purchase price has been paid by the County in immediately available funds, LACF2 shall convey the Premises to the County by grant deed, free and clear of all liens and encumbrances, except those liens and encumbrances approved by the County, but without recourse against the Trustee, and this Indenture, the Ground Lease, and the Facilities Lease shall automatically terminate. Neither LACF2 nor the Trustee shall be required to make any representations or warranties regarding the conditions of the Premises and the County shall agree to accept the Premises in an “as is” condition. Nothing herein shall be construed to require the County to exercise the purchase option herein granted.

## ARTICLE VII

### EVENTS OF DEFAULT AND REMEDIES OF OWNERS

**Section 7.01. Events of Default.** The following events shall be Events of Default hereunder:



(a) default in the due and punctual payment of the principal of any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by acceleration, or otherwise;

(b) default in the due and punctual payment of any installment of interest on any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by acceleration, or otherwise;

(c) default by LACF2 in the observance of any of the other covenants, agreements or conditions on its part contained in this Indenture or in the Bonds, if such default shall have continued for a period of 30 days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to LACF2 and the County by the Trustee, or to LACF2, the County and the Trustee by the Owners of a majority in aggregate principal amount of the Bonds at the time Outstanding;

(d) except with respect to matters constituting Events of Default as set forth in subsections (a), (b) and (c) above, any failure by LACF2 to observe or perform any covenant, condition, agreement or provision in the Deed of Trust on its part to be observed or performed which failure continues at least for a period of 30 days following written notice given by the Trustee to LACF2 and the County specifying such failure and requesting that such failure be remedied by LACF2 or the County; or

(e) the occurrence of an Event of Bankruptcy.

**Section 7.02. Acceleration of Maturity; Remedies.** If any Event of Default identified in (a) or (b) of Section 7.01 occurs, then, and in each and every such case during the continuance of such Event of Default, the Trustee or the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding shall be entitled and upon notice in writing to LACF2, the Trustee and the County, to declare the principal of all of the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything in this Indenture or in the Bonds contained to the contrary notwithstanding, and interest on the Bonds shall cease to accrue on the date of such declaration. The Trustee shall give notice of such declaration by mail to the respective Owners of the Bonds at their addresses appearing on the Bond Register. Notwithstanding the foregoing, payments of Base Rent under the Facilities Lease are not subject to acceleration.

Upon the occurrence and continuance of an Event of Default, then and in every such case the Trustee in its discretion may, or upon written demand of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding and receipt of indemnity against anticipated expenses and liability to its satisfaction (which indemnity is a condition precedent to its duties hereunder), shall, in its own name and as the Trustee of an express trust take any or all of the following actions if the Bonds are not fully paid:

(a) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Owners and require LACF2 or the County to carry out any agreements with or for the benefit of the Owners of Bonds and to perform its or their duties under the Facilities Lease and

this Indenture, provided that any such remedy may be taken only to the extent permitted under the applicable provisions of the Facilities Lease or this Indenture, as the case may be;

- (b) bring suit upon the Bonds (as provided in Section 7.04 hereof);
- (c) by action or suit in equity require LACF2 to account as if it were the trustee of an express trust for the Owners of Bonds;
- (d) upon the occurrence of Event of Default described in (a) or (b) of Section 7.01, foreclose the Deed of Trust or exercise any other remedies thereunder, including the reletting of the Premises for any commercial purpose;
- (e) exercise any remedy under the Facilities Lease by LACF2 of the Premises or any other lease by LACF2 of the Premises;
- (f) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Owners of Bonds; or
- (g) take any action or exercise any remedy under the Construction Contracts (as such term is defined in the Development Agreement) and the Development Agreement, if such contracts and agreement remain in effect.

Nothing herein shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Owner any plan of reorganization, arrangement, adjustment, or composition affecting the Bonds or the rights of any Owner thereof, or to authorize the Trustee to vote in respect of the claim of any Owner in any such proceeding without the approval of the Owners so affected. When the Trustee incurs expenses or renders services after the occurrence of an Event of Default, such expenses and the compensation for such services are intended to constitute expenses of administration under any federal or state bankruptcy, insolvency, arrangement, moratorium, reorganization or other debtor relief law.

Anything in this Indenture to the contrary notwithstanding, the Trustee shall not be required to enter, take possession of, or take any other action whatsoever with respect to the Premises unless the Trustee is satisfied that the Trustee will not be subject to any liability under Environmental Laws or from any circumstances present at the Premises relating to the presence, use, management, disposal or contamination by any environmentally hazardous materials or substances of any kind whatsoever.

**Section 7.03. Application of Revenues and Other Funds After Default.** If an Event of Default shall occur and be continuing, all Revenues and any other funds then held or thereafter received by the Trustee under any of the provisions of this Indenture shall be applied by the Trustee as follows and in the following order:

- (a) To the payment of any expenses necessary in the opinion of the Trustee to protect the interests of the Owners of the Bonds and payment of reasonable fees and charges and expenses of the Trustee (including reasonable fees and disbursements of its counsel and agents) incurred in and in connection with the performance of its powers and duties under this Indenture;

(b) To the payment of the principal of and interest then due on the Bonds (upon presentation of the Bonds to be paid, and stamping thereon of the payment if only partially paid, or surrender thereof if fully paid) subject to the provisions of this Indenture, as follows:

(1) Unless the principal of all of the Bonds shall have become or have been declared due and payable,

First: To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the persons entitled thereto of the unpaid principal of any Bonds which shall have become due, whether at maturity or by call for redemption, with interest on any overdue principal at the rate borne by the respective Bonds, and, if the amount available shall not be sufficient to pay in full all the Bonds, together with such interest, then to the payment thereof ratably, according to the amounts of principal due on such date to the persons entitled thereto, without any discrimination or preference;

(2) If the principal of all of the Bonds shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon those Bonds, with interest on the overdue principal at the rate borne by the Bonds and to the payment of the principal of and interest due on other Bonds, and, if the amount available shall not be sufficient to pay in full the whole amount so due and unpaid, then to the payment thereof ratably, without preference or priority of principal over interest, or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference; and

(c) All other amounts due to any other Person legally entitled thereto.

**Section 7.04. Trustee to Represent Owners.** The Trustee is hereby irrevocably appointed (and the successive respective Owners of the Bonds, by taking and holding the same, shall be conclusively deemed to have so appointed the Trustee) as trustee and true and lawful attorney-in-fact of the Owners of the Bonds for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to such Owners under the provisions of the Bonds, this Indenture, the Facilities Lease and applicable provisions of any other law. Upon the occurrence and continuance of an Event of Default or other occasion giving rise to a right in the Trustee to represent the Bond Owners, the Trustee in its discretion may, and upon the written request of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, and upon being indemnified against anticipated expenses and liabilities to its satisfaction therefor (which indemnity is a condition precedent to its duties hereunder, except that Trustee may not seek indemnification as a condition precedent to accelerating the Bonds or making payments on Bonds when due to the extent of funds available therefor), shall, proceed to protect or enforce its rights

or the rights of such Owners by such appropriate action, suit, mandamus or other proceedings as it shall deem most effectual to protect and enforce any such right, at law or in equity, either for the specific performance of any covenant or agreement contained herein, or in aid of the execution of any power herein granted, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Trustee or in such Owners under this Indenture, the Facilities Lease or any other law; and upon instituting such proceeding, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver of the Trust Estate, pending such proceedings. All rights of action under this Indenture or the Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in the name of the Trustee for the benefit and protection of all the Owners of such Bonds, subject to the provisions of this Indenture.

**Section 7.05. Owners' Direction of Proceedings.** Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method of conducting all remedial proceedings taken by the Trustee hereunder, upon indemnification satisfactory to the Trustee, provided that such direction shall not be otherwise than in accordance with law and the provisions of this Indenture, and that the Trustee shall have the right to decline to follow any such direction that in the sole discretion of the Trustee would be unjustly prejudicial to Bond Owners not parties to such direction (the Trustee having no obligation to make such determination).

**Section 7.06. Limitation on Bond Owners' Right to Sue.** No Owner of any Bond shall have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under this Indenture, the Development Agreement, the Facilities Lease or any other applicable law with respect to such Bond, unless (1) such Owner shall have given to the Trustee written notice of the occurrence of an Event of Default; (2) the Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such suit, action or proceeding in its own name; (3) such Owner or said Owners shall have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; and (4) the Trustee shall have refused or omitted to comply with such request for a period of 60 days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of Bonds of any remedy hereunder or under law; it being understood and intended that no one or more Owners of Bonds shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Indenture or the rights of any other Owners of Bonds, or to enforce any right under this Indenture, the Facilities Lease or other applicable law with respect to the Bonds, except in the manner herein provided, and that all proceedings at law or in equity to enforce any such right shall be instituted, had and maintained in the manner herein provided and for the benefit and protection of all Owners of the Outstanding Bonds, subject to the provisions of this Indenture.

**Section 7.07. Termination of Proceedings.** In case any proceedings taken by the Trustee or any one or more Owners of Bonds on account of any Event of Default are discontinued or abandoned for any reason or are determined adversely to the Trustee or the Owners, then in every such case LACF2, the Trustee and the Owners, subject to any determination in such proceedings, will be restored to their former positions and rights hereunder, severally and respectively, and all rights, remedies, powers and duties of LACF2, the Trustee and the Owners will continue as though no such proceedings had been taken.

**Section 7.08. Remedies Not Exclusive.** No remedy herein conferred upon or reserved to the Trustee or to the Owners of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy, to the extent permitted by law, shall be cumulative and in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or otherwise.

**Section 7.09. No Waiver of Default.** No delay or omission of the Trustee or of any Owner of the Bonds to exercise any right or power arising upon the occurrence of any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein, and every power and remedy given by this Indenture to the Trustee or to the Owners of the Bonds may be exercised from time to time and as often as may be deemed expedient.

**Section 7.10. Notice of Default; County's Right to Retire Bonds.** The Trustee shall, within 30 days after the occurrence of an Event of Default, give written notice by first class mail to Owners of Bonds of all Events of Default actually known to the Trustee and, unless such Event of Default has been remedied, shall send a copy of such notice to LACF2, the County and, until the Project Fund is closed pursuant to Section 4.02(d) hereof, the Developer. Upon the occurrence of an Event of Default, the County has the right to acquire the Premises by defeasing all of the Bonds then Outstanding in accordance with Section 10.02 hereof and/or purchasing Bonds in accordance with Section 3.05 hereof.

## ARTICLE VIII

### THE TRUSTEE

**Section 8.01. Duties, Immunities and Liabilities of Trustee.** The Trustee hereby accepts the trusts imposed upon it by this Indenture, represents and covenants that it is fully empowered to accept said trusts, and agrees to perform said trusts, but only upon and subject to the following express terms and conditions, and no implied covenants or obligations shall be read into this Indenture, the Other Documents or any other documents related to the transactions contemplated hereunder against the Trustee:

(a) The Trustee shall, prior to an Event of Default, and after the curing of all Events of Default that may have occurred, perform such duties and only such duties as are specifically imposed upon it as set forth in this Indenture. The Trustee shall, during the existence of any Event of Default (which has not been cured) except in accordance with directions of the Owners in accordance with this Indenture and subject to Section 8.04(f) of this Indenture, exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in

their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

Notwithstanding the effective date of this Indenture or anything to the contrary in this Indenture, the Trustee shall have no liability or responsibility for any act or event relating to this Indenture that occurs prior to the date the Trustee formally executes this Indenture and commences acting as Trustee hereunder.

(b) Upon 30 days' advance written notice to the Trustee, LACF2 may remove the Trustee at any time unless an Event of Default shall have occurred and then be continuing, and shall remove the Trustee if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding (or their attorneys duly authorized in writing) or, without the necessity of advance written notice, if at any time the Trustee shall cease to be eligible in accordance with subsection (e) of this Section, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, in each case by giving written notice of such removal to the Trustee, and thereupon LACF2 shall appoint a successor Trustee by an instrument in writing.

(c) The Trustee may at any time resign by giving written notice of such resignation to LACF2 and the County and by giving the Owners notice of such resignation by mail at the addresses shown on the Bond Register. Upon receiving such notice of resignation, LACF2 shall promptly appoint a successor Trustee by an instrument in writing. The Trustee shall not be relieved of its duties until such successor Trustee has accepted appointment.

(d) Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective only upon acceptance of appointment by the successor Trustee. If no successor Trustee shall have been appointed and have accepted appointment within 45 days of giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or any Bond Owner (on behalf of himself and all other Bond Owners) may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under this Indenture shall signify its acceptance of such appointment by executing and delivering to LACF2 and to its predecessor Trustee a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the money, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee herein; but, nevertheless at the request of LACF2 or the request of the successor Trustee, such predecessor Trustee shall, at the expense of the County and upon prior payment or full assurance therefor, execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the rights, title and interest of such predecessor Trustee in and to any property held by it under this Indenture and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Upon request of the successor Trustee, LACF2 shall execute and deliver any and all instruments as may be reasonably required

for more fully and certainly vesting in and confirming to such successor Trustee all such money, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in this subsection, such successor Trustee shall mail a notice of the succession of such Trustee to the trusts hereunder to the Rating Agency and to the Bond Owners at the addresses shown on the Bond Register.

(e) It is the intention that there shall at all times be one or more trustees under this Indenture qualified under the Indenture Act, at least one of whom shall at all times be a bank, banking association, or corporation organized and doing business under the laws of the United States or of any state or of the District of Columbia or a bank, banking association, corporation or other person permitted to act as trustee by the SEC (herein and in the Indenture Act referred to as the “institutional trustee”), which (A) is authorized under such laws to exercise corporate trust powers, and (B) is subject to supervision or examination by federal, state or District of Columbia authorities. Any Trustee appointed under the provisions of this Section in succession to U.S. Bank Trust Company, National Association, as the initial Trustee, shall be a trust company, bank, or banking association having the powers of a trust company qualified under the Indenture Act to act as trustee, having a combined capital, surplus and undivided profits of at least \$50,000,000, subject to supervision or examination by federal or state authorities. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this subsection the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this subsection (e), the Trustee shall resign immediately in the manner and with the effect specified in this Section. Any co-trustee shall be subject to the same qualification limitations imposed upon the Trustee. Upon any appointment of a co-trustee in addition to the institutional trustee, the rights, powers, duties, and obligations conferred or imposed upon any trustee shall be deemed to be conferred or imposed upon and exercised or performed by such institutional trustee or the institutional trustee and co-trustees jointly, except to the extent that under any law of any jurisdiction in which any particular act or acts are to be performed, the institutional trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights, powers, duties, and obligations shall be exercised and performed by such co-trustee(s). In no event shall the County serve as trustee under this Indenture.

(f) Notwithstanding anything to the contrary herein, the Trustee shall not be responsible for the preliminary or final official statement or any other offering materials relating to the Bonds (except for statements prepared or approved by the Trustee under the caption “The Trustee” in any such offering materials), or for any recital or statement herein or in the Bonds, the Other Documents or any assignments to the Trustee hereunder or under any instrument or any supplemental instrument by LACF2, the County or the Developer, as appropriate. The Trustee shall have no responsibility for compliance with any state or federal securities laws in connection with the Bonds, for the validity of the execution by LACF2 of this Indenture, or for the validity of the execution of the Deed of Trust, the Assignment of Leases or any other assignments to the Trustee hereunder or under any instrument or any supplemental instrument by LACF2, the County or the Developer, as appropriate, or for the validity or sufficiency of the security for the Bonds issued hereunder, or for the value of or title to the Trust Estate, or otherwise as to the maintenance of the security hereof, or for the creditworthiness of LACF2, the Developer or any other party to

any Bond Document. The Trustee shall not be bound to ascertain or inquire as to the performance or observance of any covenant, condition or agreement on the part of the County, the Developer or LACF2, as appropriate and shall have no duty to collect, preserve, exercise or enforce rights in the Trust Estate (against prior parties or otherwise), except as set forth herein, but the Trustee may require of LACF2, the Developer and the County full information and advice as to the performance of the covenants, conditions and agreements aforesaid and of the condition of the physical property included in the Trust Estate. The Trustee shall not be accountable for the use of any Bonds, or the proceeds thereof, authenticated or delivered hereunder.

The Trustee makes no representation or warranty, express or implied, as to the title, value, design, compliance with specifications or legal requirements, quality, durability, operation, condition, merchantability or fitness for any particular purpose for the use contemplated by LACF2, the County or the Developer of the Project. In no event shall the Trustee be liable for incidental, indirect, special or consequential damages in connection with or arising from the Other Documents, this Indenture or any other document related hereto or thereto for the existence, furnishing or use of the Premises.

(g) The Trustee's rights to indemnity, immunities and protection from liability hereunder and its rights to payment of fees and expenses shall survive its resignation or removal and the final payment or defeasance of the Bonds or the discharge of this Indenture. The Trustee's rights, protections, immunities and indemnities hereunder shall also be afforded to the Trustee, in acting or omitting to act under the Other Documents.

(h) The Trustee shall not be concerned with or accountable to anyone for the subsequent use or application of any money that is released or withdrawn in accordance with the provisions hereof.

**Section 8.02. Conflicting Interests.** If the Trustee has or shall acquire any "conflicting interest" as such term is defined in the Indenture Act, then, within 90 days after ascertaining that it has such conflicting interest, and if the Event of Default to which such conflicting interest relates has not been cured or duly waived or otherwise eliminated before the end of such 90-day period, the Trustee shall either eliminate such conflicting interest or LACF2 shall take prompt steps to have a successor appointed as provided by Section 8.01(b) of this Indenture.

In the event that LACF2 shall fail to cause appointment of a successor, the Trustee shall, within 10 days after the expiration of such 90-day period, transmit notice of such failure to the Owners; and any Owner who has been a bona fide owner of Bonds for at least six months may, on behalf of him/her/itself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee, and the appointment of a successor, if LACF2 fails, after written request thereof by such Owner, to cause appointment of a successor.

**Section 8.03. Merger or Consolidation.** Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its municipal corporate trust business, provided such company shall be eligible under subsection (e) of Section 8.01, shall be the successor to such Trustee without the executing or filing of any paper or any further act, anything



herein to the contrary notwithstanding. Notice of such merger or consolidation shall be given to LACF2, the County, and, until the Project Fund is closed pursuant to Section 4.02(c), the Developer.

**Section 8.04. Liability of Trustee.**

(a) The recitals of facts herein, in the Bonds and in the Other Documents shall be taken as statements of LACF2 or the other parties thereto, as applicable, and the Trustee shall have no responsibility for the correctness of the same or for the validity or sufficiency of this Indenture, or any representations therein. Whether or not therein expressly so provided, every provision of this Indenture, the Bonds, and the Other Documents or related documents relating to the conduct of or affording protection to the Trustee shall be subject to the provisions of this Article VIII. The Trustee shall incur no responsibility in respect of any such documents, other than in connection with the duties or obligations herein or in the Bonds assigned to or imposed upon it. The Trustee shall, however, be responsible for its representations contained in its certificate of authentication on the Bonds. The Trustee shall not be liable for following any instruction that it is directed to follow hereunder, and shall not be liable otherwise in connection with the performance of its duties or exercise of discretion hereunder, except for its own negligence or willful misconduct and except as otherwise provided in this Indenture. The Trustee may become the Owner of Bonds as principal with the same rights it would have if it were not Trustee and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as members of, or in any other capacity with respect to, any committee formed to protect the rights of Bond Owners, whether or not such committee shall represent the Owners of a majority in principal amount of the Bonds then Outstanding. Notwithstanding anything to the contrary contained herein, the Trustee shall have no duty, and nothing herein shall be read to confer or imply that the Trustee has standing, to assert any claims under the federal securities laws on behalf of any Owners, or Beneficial Owners, or any class thereof.

(b) The Trustee shall not be liable for any error of judgment made in good faith by a responsible officer, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts.

(c) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of a majority in aggregate principal amount of the Bonds at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred upon the Trustee under this Indenture.

(d) Notwithstanding anything to the contrary contained herein or in the Other Documents, the Trustee shall not be deemed to have knowledge of any default or Event of Default hereunder or Facilities Lease Default Event or Event of Default under the Deed of Trust or any duty to give notice of any such event, unless and until a trust officer of the Trustee responsible for the administration of the Trust Estate at the Corporate Trust Office shall have actual knowledge thereof or shall have received written notice thereof, at its Corporate Trust Office, and in the absence of that notice so received, the Trustee may conclusively assume that there is no such Event of Default or Facilities Lease Default Event. Except as otherwise expressly provided herein, the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any of

the terms, conditions, covenants or agreements herein or of any of the documents executed in connection with the Bonds, or as to the existence of a default or event of default (however defined) thereunder. The Trustee shall not be responsible for the validity or effectiveness of any collateral given to or held by it.

(e) No provision of this Indenture shall require the Trustee to expend, advance or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers, or take any action (including but not limited to the institution or defense of legal proceedings or the institution of foreclosure proceedings), and if in the reasonable opinion of the Trustee any such action may tend to invoke expense or liability to the Trustee, it shall not be obligated to take such action unless it is first furnished with funds for payment of such expense or with indemnity therefor satisfactory to it including without limitation indemnity for Environmental Claims, which indemnity shall include payment of its fees, extraordinary expenses, outlays and reasonable attorneys' fees and expenses (whether incurred before trial, at trial or appeal and in any arbitration or bankruptcy proceeding), and other reasonable disbursements in connection therewith, and satisfactory indemnity against all risk and liability, except liability which is adjudicated to have resulted from its own negligence or willful misconduct in connection with any such action. The Trustee shall not be required to take any foreclosure action if the approval of a government regulator is a condition precedent to taking the action and such approval cannot be obtained. However, the Trustee may, but shall have no obligation to, begin suit, or appear in and defend any suit, or intervene, or do anything else in its judgment proper to be done by it as such Trustee, without assurance of reimbursement or indemnity. In all such cases the Trustee shall be reimbursed or indemnified for all fees and expenses, liabilities, outlays and counsel fees and other reasonable disbursements properly incurred in connection therewith, unless such liability or disbursement is adjudicated to have resulted from the negligence or willful default of the Trustee. If the Owners shall fail to make such reimbursement or indemnification, the Trustee may reimburse itself from any money in its possession under the provisions of this Indenture prior to making any payments to Owners of the Bonds, subject only to the provisions of this Indenture. Notwithstanding the above, the Trustee shall not seek indemnity before (1) making payments on the Bonds when due to the extent funds are available therefor, or (2) causing an acceleration when required by the Indenture.

(f) Except as provided in Sections 5.01 and 5.06 hereof, the Trustee shall have no responsibility for the recording or filing of this Indenture or any financing statements or any other document or instrument whatsoever. The Trustee shall not be responsible for the sufficiency or form of any insurance maintained with respect to the Project and shall not be required to obtain, maintain or review any policy of insurance.

(g) The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through affiliates, attorneys, accountants and other experts, agents, servicers, receivers, officers or employees and shall not be answerable for the conduct of attorneys, accountants, experts, agents, servicers and receivers appointed by it with due care. All reasonable costs incurred by the Trustee and all reasonable compensation to all such attorneys, accountants and other experts, agents and receivers as may reasonably be employed in connection with the trusts hereof shall be paid by LACF2.

(h) The Trustee shall not be required to enter into any Supplemental Indenture or other supplement or amendment contemplated under Article VIII hereof that in the sole discretion of the Trustee may tend to involve it in liability or expense, or enlarge its duties hereunder or under any other instrument or agreement to which the Trustee is a party.

(i) Notwithstanding any provision of this Indenture to the contrary, under no circumstances shall the Trustee be liable in its individual capacity for the obligations evidenced by the Bonds. In accepting the trust hereby created, the Trustee acts solely as trustee for the Owners and not in its individual capacity and, except as otherwise expressly provided herein, all Persons, including the Owners, the County, LACF2 and the Developer, having any claim against the Trustee arising from this Indenture shall look for payment only to the funds held by the Trustee hereunder.

(j) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty of the Trustee, and the Trustee shall be answerable only for its own negligence or willful misconduct in accordance with the provisions of this Article. The Trustee shall not be required to give any bond or surety in respect of the execution of its trusts and powers hereunder or otherwise in respect of the premises. The Trustee shall have no liability in respect of any investment advice rendered to any Owner or for the management of the Project.

(k) Notwithstanding any other provision herein or in the Deed of Trust, the Trustee shall not be required to acquire possession of or take any action with respect to the Project or other security hereunder that could cause it to be considered an “owner” or “operator” within the meaning of the Comprehensive Environmental Response Compensation and Liability Act of 1980, as amended from time to time, or which could result in personal liability, expense, or loss under any other law dealing with environmental matters or hazardous substances. It is acknowledged and agreed that the Trustee has no authority to manage or operate the Project, or any portion thereof, except as necessary to exercise remedies upon default.

**Section 8.05. Right to Rely on Documents.** The Trustee agrees to accept and act upon instructions or directions pursuant to this Indenture sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that, the Trustee must have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of those designated persons, which incumbency certificate must be amended and replaced whenever a person is to be added or deleted from the listing. If LACF2 elects to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Trustee in its discretion elects to act upon such instructions, the Trustee’s understanding of such instructions shall control. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee’s reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. LACF2 agrees: (i) to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting instructions to the Trustee and that there may be more secure methods of transmitting instructions than the method(s) selected by LACF2; and (iii) that the security procedures (if any) to be followed in connection with its transmission of instructions

provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances.

The Trustee shall be protected in acting upon any notice, resolution, request, requisition, consent, order, certificate, direction, report, opinion, bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. At the expense of LACF2, the Trustee may consult with counsel, who may be counsel of or to LACF2, and the advice of such counsel or any opinion of counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith; provided, however, that with respect to legal questions concerning interpretation of this Indenture, the Trustee shall be entitled to rely only on the advice of a firm of nationally recognized bond counsel selected by LACF2 and, so long as no Facilities Lease Default Event has occurred and is continuing, acceptable to the County.

The Trustee shall not be bound to recognize any person as the Owner of a Bond unless and until such Bond is submitted for inspection, if required, and his title thereto is satisfactorily established, if disputed.

Whenever in the administration of the trusts imposed upon it by this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate of LACF2, and such certificate shall be full warrant to the Trustee for any action taken or suffered in good faith under the provisions of this Indenture in reliance upon such certificate, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as it may deem reasonable. In furtherance and not in limitation of the foregoing, the Trustee may in any instance where the Trustee determines that it lacks or is uncertain as to its authority to take or refrain from taking certain action, or as to the requirements of this Indenture, any Other Document, or any other documents related to the transactions contemplated hereunder under any circumstance before it, delay or refrain from taking action unless and until it has received such certificate from LACF2, or if the Trustee deems necessary, further instructions from LACF2 or, at the expense of LACF2, advice from legal counsel (or other appropriate advisor), satisfactory to it in its sole discretion, as the case may be, subject to the requirements of the preceding paragraph concerning interpretations of the Indenture.

LACF2 shall annually prepare a certificate of insurance coverage (“Insurance Coverage Certificate”) affirming that, to the best of LACF2’s knowledge, (1) all insurance coverage, each as required under the Indenture, the Deed of Trust, the Ground Lease, the Facilities Lease and the Development Agreement, has been obtained from eligible insurers, or, in the case of self-insurance permitted under any such document, has been provided for by the responsible party; (2) the required coverage is then in effect; and (3) no event of default has occurred under the Indenture, the Deed of Trust, the Facilities Lease and the Development Agreement with respect to required insurance coverage, or if such an event has occurred, how and when the event of default has been addressed. LACF2 shall submit the Insurance Coverage Certificate to County and shall seek the written concurrence of County that, to the best of the County’s knowledge, the statements made therein by LACF2 are true and correct (the “Concurrence”). Not later than [January 30, 20\_\_], and each January 30 thereafter, the Insurance Coverage Certificate and Concurrence shall be

provided to the Trustee by LACF2, and the Trustee shall be entitled to rely on the statements set forth therein without independent investigation or verification. Receipt of the Insurance Coverage Certificate and Concurrence in the form required hereunder shall further suffice to satisfy any requirement under any such documents that the Trustee consent to or approve certain matters with respect to insurers or insurance, including without limitation, the requirements of Section 1.06 of the Deed of Trust.

**Section 8.06. Preservation and Inspection of Documents.** All documents maintained by the Trustee under the provisions of this Indenture shall be retained in its possession and shall be subject at all reasonable times to the inspection of LACF2 and its agents and representatives duly authorized in writing, at reasonable hours and under reasonable conditions.

**Section 8.07. Compensation and Indemnification.** LACF2 shall pay the Trustee as compensation for its ordinary services hereunder the fees set forth in the written fee schedule of the Trustee in effect as of the Date of Issue based upon its proposal, payable semiannually in advance, or as of the date of appointment of any successor Trustee, and also all reasonable fees, expenses, charges, legal and consulting fees and other disbursements and those of its attorneys, agents and employees, incurred in and about the performance of its powers and duties under this Indenture. In the event that it should become necessary that the Trustee perform extraordinary services, it shall be entitled to reasonable extra compensation by LACF2 therefor, and to reimbursement for reasonable and necessary extraordinary expenses in connection therewith; provided, that if such extraordinary services are due to the willful misconduct or negligence of the Trustee it shall not be entitled to compensation or reimbursement therefor. The Trustee's rights to receive compensation under this Section shall be secured by, and there is hereby granted, a lien on the Trust Estate, which lien shall be subordinate to the security interests, pledges, and liens provided for in the Granting Clauses and the Other Documents, except that, upon an Event of Default, but only upon an Event of Default, the Trustee shall have a prior lien upon the Trust Estate for its extraordinary fees, charges and attorney fees (whether incurred before trial, at trial, on appeal or in any bankruptcy or arbitration proceeding) costs incurred in enforcing the provisions of the Indenture or any other agreement referred to herein.

LACF2 covenants and agrees to indemnify and hold the Trustee and its directors, officers, agents and employees (collectively, the "Indemnitees") harmless from and against any and all liabilities, losses, damages, fines, suits, actions, demands, penalties, costs and expenses, including out-of-pocket, incidental expenses, legal fees and expenses, the allocated costs and expenses of in-house counsel and legal staff and the costs and expenses of defending or preparing to defend against any claim ("Losses") that may be imposed on, incurred by, or asserted against, the Indemnitees or any of them for following any instruction or other direction upon which the Trustee is authorized to rely pursuant to the terms of this Indenture, or for loss, or damage to any property, or injury to or death of any person, asserted by or on behalf of any Person arising out of, resulting from, or in any way connected with (1) the Project or the Premises, or the conditions, occupancy, use, possession, conduct, environmental condition or management of, or any work done in or about the Project or the Premises, including any use, presence, storage, disposal, or release of any substance (whether solid, liquid, or gaseous) which is or may be hazardous or toxic to the environment or to the health or safety of persons on the Premises, including without limitation Environmental Claims arising therefrom or related thereto, or from the planning, design, acquisition or construction of any Project facilities or any part thereof; (2) except those statements

provided by the Trustee for inclusion therein, any untrue statement or alleged untrue statement of any material fact or the omission or alleged omission to state a material fact necessary to make the statements made not misleading in any statement, information or material furnished by LACF2 or the County, including, but not limited to, the official statement utilized in connection with the sale of the Bonds. In addition to and not in limitation of the immediately preceding sentence, LACF2 also covenants and agrees to indemnify and hold the Indemnitees and each of them harmless from and against any and all Losses that may be imposed on, incurred by, or asserted against the Indemnitees or any of them in connection with or arising out of the Trustee's performance under this Indenture or under the Other Documents, provided the Trustee has not acted with negligence or engaged in willful misconduct. The provisions of this Section shall survive the termination of this Indenture and the resignation or removal of the Trustee for any reason.

**Section 8.08. Securities Intermediary.** (a) At all times during which the Trustee does not maintain hereunder securities accounts to which financial assets may be credited, there shall be a Securities Intermediary acting as such pursuant hereto.

(b) U.S. Bank National Association is hereby appointed as the initial Securities Intermediary and U.S. Bank National Association hereby accepts such appointment.

(c) The initial Securities Intermediary and any successor thereto (i) shall at all times be a trust company, national banking association or bank in good standing in or incorporated under the laws of the United States or any state thereof having (or if such trust company, national banking association or bank is a member of a bank holding company system, its parent bank holding company shall have) a combined capital and surplus of at least \$250,000,000, and subject to supervision or examination by a federal or state agency, (ii) shall not be an affiliate of LACF2, and (iii) shall, in the ordinary course of its business, maintain securities accounts for others and be so maintaining Accounts hereunder.

(d) Each Fund and Account shall be a securities Account maintained with the Securities Intermediary to which financial assets may be credited and the Securities Intermediary shall treat the Trustee as entitled to exercise the rights that comprise such financial assets.

(e) The Securities Intermediary shall not change the name or the account number of any Fund or Account without the prior written consent of the Trustee.

(f) Each item of property credited to each Fund or Account shall be treated as a financial asset.

(g) The Securities Intermediary shall comply with entitlement orders originated by the Trustee, without the need for consent by LACF2 or any other Person.

(h) The Securities Intermediary shall not agree with any Person, other than the Trustee, that it will comply with entitlement orders originated by any Person other than the Trustee.

(i) The Securities Intermediary shall not take any action inconsistent with this Section or any other provision of this Indenture applicable to it. The Securities Intermediary shall not be a party to any agreement that is inconsistent with this Section or any other provision of this Indenture

or that limits or conditions any of its obligations under this Section or any other provision of this Indenture.

(j) Each item of property credited to each Fund or Account shall not be subject to, and the Securities Intermediary hereby waives, any security interest, lien, claim, encumbrance or right of setoff in favor of the Securities Intermediary or any Person claiming through the Securities Intermediary, other than the Trustee.

(k) For purposes of Article 8 of the Uniform Commercial Code, the securities intermediary's jurisdiction of the Securities Intermediary with respect to the Funds and Accounts shall be the State.

(l) It is the intent of LACF2, the Trustee and the Securities Intermediary that each Fund and Account shall be a securities account of the Trustee and not an account of LACF2.

(m) The Securities Intermediary shall be entitled to all of the immunities, protections, limitations of liability and indemnities afforded to the Trustee pursuant to Article VIII hereof.

(n) The Securities Intermediary may at any time resign by providing no less than 30 days' written notice of such resignation to the Trustee and LACF2. The Trustee may remove the Securities Intermediary by providing no less than 20 days' written notice of such removal to the Securities Intermediary. In case at any time the Securities Intermediary shall cease to be eligible in accordance with the provisions of subsection (b) of this Section, the Securities Intermediary shall resign immediately. The Trustee shall promptly remove the Securities Intermediary if at any time the Securities Intermediary shall cease to be eligible in accordance with the provisions of subsection (b) of this Section. The Trustee shall appoint a successor Securities Intermediary that satisfies the provisions of subsection (b) of this Section. The Trustee shall cause (i) each Fund and Account to be established and maintained with such successor Securities Intermediary in accordance with the terms hereof, and (ii) the successor Securities Intermediary to execute and deliver a written agreement between the Trustee and such successor Securities Intermediary, pursuant to which such successor Securities Intermediary agrees to be the Securities Intermediary hereunder and to be bound by the provisions of this Indenture applicable to the Securities Intermediary. The duties and obligations of the resigning or removed Securities Intermediary hereunder shall remain in effect until the successor Securities Intermediary has accepted its appointment and each Fund and Account and all property credited thereto have been transferred to the successor Securities Intermediary.

## ARTICLE IX

### MODIFICATION OF THIS INDENTURE AND OTHER DOCUMENTS

**Section 9.01. Limitations.** Neither this Indenture nor the Other Documents shall be modified or amended in any respect subsequent to the initial issuance of the Bonds, except as may be expressly provided therein and in accordance with and subject to the provisions of this Article IX. The Trustee shall not be obligated to enter into or consent to any Supplemental Indenture or any modification, alteration, amendment or supplement to an Other Document that affects the duties, liabilities and immunities of the Trustee hereunder or the rights of the Trustee

under Article VIII hereof. Notice of any Supplemental Indenture or any modification, alteration, amendment or supplement to an Other Document shall be given in writing to each Rating Agency, the County and, until the Project Fund is closed, pursuant to Section 4.02(c), the Developer.

**Section 9.02. Supplemental Indentures Without Consent of Owners.** LACF2 may, and, subject to the provisions of Section 9.01 hereof, the Trustee shall, from time to time and at any time (without the consent of or, except as provided below, notice to the Owners of the Bonds) enter into Supplemental Indentures as follows:

- (a) to cure any formal defect, omission, inconsistency or ambiguity in this Indenture;
- (b) to grant to or confer or impose upon the Trustee for the benefit of the Owners of the Bonds any additional rights, remedies, powers, authority, security, liabilities or duties which may lawfully be granted, conferred or imposed and which are not contrary to or inconsistent with this Indenture as theretofore in effect;
- (c) to add to the covenants and agreement of, and limitations and restrictions upon, LACF2 in this Indenture other covenants, agreements, limitations and restrictions to be observed by LACF2 that are not contrary to or inconsistent with this Indenture as theretofore in effect;
- (d) to confirm, as further assurance, any pledge, lien, or security interest under, and the subjection of the Trust Estate to any security interest, lien or pledge created or to be created by, this Indenture;
- (e) to modify, alter, supplement or amend this Indenture in such manner as shall permit the qualification hereof under the Indenture Act, as from time to time amended;
- (f) to provide for the procedures required to permit Bonds to be held in certificated form;
- (g) to modify, alter, amend or supplement this Indenture in such manner as shall preserve the tax-exempt status of interest on the Bonds; and
- (h) to provide for the issuance of Additional Bonds, and to provide the terms and conditions under which such Additional Bonds may be issued, subject to and in accordance with the provisions of Section 2.08 hereof; and
- (i) to modify, alter, amend or supplement this Indenture in any other respect which is not materially adverse to the Owners, as evidenced by the Opinion of Bond Counsel delivered pursuant to this Section 9.02 hereof, and which does not involve a change described in the provisions of Section 9.03(a) hereof.

Before LACF2 and the Trustee shall enter into any Supplemental Indenture pursuant to this Section 9.02, there shall have been delivered to the Trustee an Opinion of Bond Counsel stating that such Supplemental Indenture is authorized or permitted by this Indenture and complies with its terms, that it will, upon the execution and delivery thereof, be valid and binding upon LACF2 in accordance with its terms and that it will not adversely affect the exemption from federal income taxation of interest on the Bonds.



**Section 9.03. Supplemental Indentures With Consent of Owners.**

(a) Except for any Supplemental Indenture entered into pursuant to Section 9.02 hereof, subject to the terms and provisions contained in this Section 9.03, the Owners of not less than a majority in aggregate principal amount of Bonds shall have the right from time to time to consent to and approve the execution and delivery by LACF2 and the Trustee of any Supplemental Indenture deemed necessary or desirable by LACF2 for the purposes of modifying, altering, amending, supplementing or rescinding, in any particular, any of the terms or provisions contained in this Indenture; provided, however, that, unless approved in writing by the Owners of all Bonds affected by such change, nothing herein contained shall permit, or be construed as permitting, (i) a change in the times, amounts or currency of payment of the principal of or interest on any Bond, or a reduction in the principal amount or redemption price of any Bond or a change in the method of determining the rate of interest thereon, or (ii) a preference or priority of any Bond or Bonds over any other Bond or Bonds, or (iii) a reduction in the aggregate principal amount of Bonds the consent of the Owners of which is required for any such Supplemental Indenture or which is required, under Section 9.07 hereof, for any modification, alteration, amendment, or supplement to the Deed of Trust.

(b) If at any time LACF2 shall request the Trustee to enter into any Supplemental Indenture for any of the purposes of this Section 9.03, the Trustee shall cause notice of the proposed Supplemental Indenture to be given to the County (so long as the Facilities Lease shall be in effect and no Facilities Lease Default Event has occurred and is continuing), all Owners of Bonds, and, until the Project Fund is closed pursuant to Section 4.02(c), the Developer. Such notice (which shall be prepared by or on behalf of LACF2 but not by the Trustee) shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that a copy thereof is on file at the office of the Trustee for inspection by the County (if applicable), all Owners of Bonds and the Developer (if applicable).

(c) Within four months after the date of the giving of such notice, LACF2 and the Trustee may enter into such Supplemental Indenture in substantially the form described in such notice, but only if there shall have first been delivered to the Trustee (i) the required consents, in writing, of the Owners of Bonds, and, if applicable, the County, in accordance with Section 9.05 hereof, and (ii) an Opinion of Bond Counsel stating that such Supplemental Indenture is authorized or permitted by this Indenture and complies with its terms, and, upon the execution and delivery thereof, will be valid and binding upon LACF2 and the County in accordance with its terms and will not adversely affect the exemption from federal income taxation of interest on the Bonds.

(d) If Owners of not less than the percentage of Bonds required by this Section 9.03 shall have consented to and approved the execution and delivery thereof as herein provided, no Owner shall have any right to object to the execution and delivery of such Supplemental Indenture, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution and delivery thereof, or to enjoin or restrain LACF2 or the Trustee from executing and delivering the same or from taking any action pursuant to the provisions thereof.

**Section 9.04. Effect of Supplemental Indenture.** Upon the execution and delivery of any Supplemental Indenture pursuant to the provisions of this Article IX, this Indenture shall be,

and be deemed to be, modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture of LACF2, the Trustee and all Owners of Bonds shall thereafter be determined, exercised and enforced under this Indenture subject in all respects to such modifications and amendments.

**Section 9.05. Consent for Supplemental Indentures.** Notwithstanding any other provision of this Indenture to the contrary, no Supplemental Indenture shall become effective unless and until the Trustee, LACF2 and the County (so long as the Facilities Lease shall be in effect and no Facilities Lease Default Event (as evidenced to the Trustee by a written certificate of LACF2) has occurred and is continuing) shall have consented thereto in writing.

**Section 9.06. Amendment of Other Documents Without Consent of Owners.**

(a) General. Without the consent of or notice to the Owners of the Bonds, but with the written consent of the Trustee, LACF2 may modify, alter, amend, or supplement the Other Documents (a) as may be permitted under the terms of the Other Documents, respectively, and this Indenture, (b) for the purpose of curing any formal defect, omission, inconsistency or ambiguity therein, (c) in connection with the issuance of Additional Bonds, (d) as provided in the following paragraph, or (e) in connection with any other change therein which, as evidenced by the Opinion of Bond Counsel delivered pursuant to the last paragraph of this Section 9.06, is not materially adverse to the Owners of Bonds. For avoidance of doubt, any change to the Other Documents that does not reduce or otherwise limit the County's obligation to pay Base Rent under the Facilities Lease or reconvey the lien of the Deed of Trust on the Premises shall be deemed not materially adverse.

(b) Exclusion of Surplus Property. LACF2 and the County shall have the right to amend the Ground Lease, Facilities Lease and the Deed of Trust from time to time to exclude portions of the real property from the Premises originally demised thereunder:

(1) as may be necessary to comply with permitting requirements or to complete the Project as long as such amendment does not reduce or otherwise adversely affect the County's obligation to pay Base Rent under the Facilities Lease; or

(2) except as provided in subsection (1) above, upon satisfaction of the following conditions: (i) LACF2 and the County shall receive, and shall provide to the Trustee a copy of, a survey certified by a licensed California surveyor delineating the boundaries and legal description of the remaining Premises that will continue to be demised thereunder; (ii) LACF2, the Trustee, and the County shall receive an opinion of counsel or other evidence reasonably satisfactory to LACF2 that the remaining Premises (A) is assessed as a separate tax parcel, and (B) will be in compliance with, and not in violation of, any applicable covenants, restrictions, statutes, laws, ordinances, rules and/or regulations pertaining to the use and development of the remaining Premises, including but not limited to those pertaining to subdivision and platting; (iii) the County as the owner of the remaining Premises shall provide such easements and reciprocal agreements as may be necessary to provide comparable pedestrian, vehicular access and other uses, amenities and operations to the Premises (including public utilities) as existed prior to the release of such property from the Premises originally demised thereunder; (iv) LACF2 shall receive an

appraisal prepared by a disinterested appraiser that the remaining Premises has a fair market value which is not less than the principal balance outstanding under the Bonds; (v) such exclusion will not affect payment to LACF2 of Base Rent required under the Facilities Lease; and (vi) LACF2 and the Trustee shall receive an Opinion of Bond Counsel satisfactory to LACF2 and County and the Trustee that such exclusion shall not adversely affect the tax-exempt status of interest payable on the Bonds and that all conditions to any amendment of the Ground Lease, Facilities Lease or the Deed of Trust to exclude portions of the real property from the Premises set forth herein and in the document to be amended have been complied with.

Upon satisfaction of the conditions set forth under subsection (1) or (2) of this paragraph, the Trustee shall be fully protected in consenting to any such amendment of the Ground Lease or Facilities Lease and executing any partial reconveyance of, or amendment to, the Deed of Trust, if required under the terms of the Facilities Lease or the Deed of Trust.

Before LACF2 shall enter into any other modification, alteration, amendment or supplement to the Other Documents pursuant to this Section 9.06, there shall have been delivered to LACF2 and the Trustee (i) a Favorable Opinion of Bond Counsel, and (ii) any title insurance endorsements required by the Deed of Trust.

**Section 9.07. Amendment of Other Documents With Consent of Owners.** The Trustee shall not consent to, any amendment change or modification of any Other Document that would reduce or otherwise limit the County's obligation to pay Base Rent or would not be permitted under Section 9.06 without the written approval or consent of the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding, given and procured as provided in Section 9.03 hereof; provided, however, that, unless approved in writing by the Owners of all Bonds then Outstanding, nothing in this Section 9.07 contained shall permit, or be construed as permitting, a material and adverse change in the obligations of LACF2. If at any time LACF2 shall request the consent of the Trustee to any such proposed modification, alteration, amendment or supplement, the Trustee shall cause notice thereof to be given in the same manner as provided by Section 9.03 hereof with respect to Supplemental Indentures. Such notice shall (which shall be prepared by or on behalf of LACF2 but not by the Trustee) briefly set forth the nature of such proposed modification, alteration, amendment or supplement and shall state that copies of the instrument embodying the same are on file at the Corporate Trust Office of the Trustee for inspection by all Owners. LACF2 may enter into, and the Trustee may consent to, any such proposed modification, alteration, amendment or supplement subject to the same conditions and with the same effect as provided in Section 9.03 hereof with respect to Supplemental Indentures.

## ARTICLE X

### DISCHARGE AND DEFEASANCE

**Section 10.01. Discharge of Indenture.** Bonds may be paid by LACF2 in any of the following ways, provided that LACF2 also pays or causes to be paid any other sums payable hereunder:

- (a) by paying or causing to be paid the principal of and interest on the Bonds, as and when the same become due and payable;
- (b) by defeasance (as provided in Section 10.02 hereof); or
- (c) by delivering to the Trustee, for cancellation by it, the Bonds then Outstanding pursuant the terms of this Indenture.

The Trustee shall give written notice to the Rating Agency when the principal of and interest on all Outstanding Bonds are fully paid.

If LACF2 shall also pay or cause to be paid all other sums payable hereunder, then and in that case, at the election of LACF2 (evidenced by a certificate of LACF2 filed with the Trustee, signifying the intention of LACF2 to discharge all such indebtedness and this Indenture), and notwithstanding that any Bonds shall not have been surrendered for payment, this Indenture and the pledge of, lien on, and security interest in the Trust Estate and all covenants, agreements and other obligations of LACF2 under this Indenture shall cease, terminate, become void and be completely discharged and satisfied, except for LACF2's duties under Section 8.07 hereof, which shall survive. In such event, upon the request of LACF2, the Trustee shall cause an accounting for such period or periods as may be requested by LACF2 to be prepared and filed with LACF2 and shall execute and deliver to LACF2 all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee shall pay over, transfer, assign or deliver all money or securities or other property held by it pursuant to this Indenture that are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption to the County.

**Section 10.02. Defeasance.** If LACF2 (1) issues refunding bonds (a) to pay the principal of, premium, if any, and interest on all or a portion of the Bonds as the same become due and payable and (b) to refund or defease such then Outstanding Bonds and to pay the costs of refunding or defeasance; or (2) sets aside irrevocably in a special fund for and securing such payment, refunding or defeasance, money (which shall remain uninvested) and/or Government Obligations, that are not subject to redemption prior to maturity sufficient in amount (as verified in a report from a firm of certified public accountants or nationally recognized arbitrage consultants), together with known earned income from the investments thereof, to make such payments and to accomplish the refunding or defeasance as scheduled (hereinafter called the "trust account"); and (3) makes irrevocable provisions for redemption of such Bonds, then in that case all right and interest of the Owners of the Bonds to be so retired, refunded or defeased (hereinafter collectively called the "defeased Bonds") in the covenants of this Indenture, in the Trust Estate, and in the Funds and Accounts obligated to the payment of such defeased Bonds, other than the right to

receive the funds so set aside, thereupon shall cease and become void, except that those Owners will have the right to receive payment of the principal of and premium, if any, and interest on the defeased Bonds from the trust account (except such rights as exist with respect to payment, exchange and transfer of such Bonds under the pertinent provisions of this Indenture). After the establishing and full funding of such trust account, the defeased Bonds shall be deemed to be discharged, the Trustee shall cancel the defeased Bonds as paid, and LACF2 then may, at the direction of the County, so long as the Facilities Lease is in effect and no Facilities Lease Default Event has occurred and is continuing, and otherwise in LACF2's sole discretion, apply any money in any other Fund or Account established for the payment or redemption of the defeased Bonds to any lawful purposes as it shall determine, subject only to the rights of the Owners of any other Bonds then Outstanding. Money held in any defeasance trust account shall be held solely for the benefit of the Owners of said Bonds.

It is a condition of any such defeasance of the Bonds that LACF2 has obtained and delivered to the Trustee: (i) an Opinion of Bond Counsel that such Bonds have been legally defeased under this Indenture and that such refunding or defeasance will not affect the tax-exempt status of the Bonds; and (ii) if any Government Obligations are set aside in the special fund described in clause (2) above, the verification report of independent certified public accountants or nationally recognized arbitrage consultants, as described in clause (2) above.

On the date of defeasance or full payment of Bonds LACF2 shall convey the Premises to the County as set forth in Section 5.06.

## ARTICLE XI

### MISCELLANEOUS

**Section 11.01. Successor Is Deemed Included in All References to Predecessor.** Whenever in this Indenture either LACF2 or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Indenture contained by or on behalf of LACF2 and the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

**Section 11.02. Limitation of Rights to Parties and Bond Owners.** Nothing in this Indenture or in the Bonds expressed or implied is intended or shall be construed to give to any person other than LACF2, the Trustee, the County, the Developer and the Owners of the Bonds, any legal or equitable right, remedy or claim under or in respect of this Indenture or any covenant, condition or provision therein or herein contained, and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of LACF2, the Trustee, the County, the Developer and the Owners of the Bonds.

**Section 11.03. Waiver of Notice.** Except as otherwise provided herein, whenever in this Indenture the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.



If to the Trustee: U.S. Bank Trust Company, National Association  
Corporate Trust Services  
U.S Bank Tower  
633 West 5<sup>th</sup> Street, 24<sup>th</sup> Floor  
Los Angeles, California 90071  
Attention: Global Corporate Trust Services

**Section 11.07. Notice to Rating Agencies.** The Trustee shall provide each Rating Agency with written notice prior to the effective date of such event of (i) any successor Trustee, (ii) any amendments to this Indenture or the Facilities Lease, and (iii) the redemption in whole of the Bonds.

**Section 11.08. Evidence of Rights of Bond Owners.** Any request, consent or other instrument required or permitted by this Indenture to be signed and executed by Bond Owners may be in any number of concurrent instruments of substantially similar tenor and shall be signed or executed by such Bond Owners in person or by an agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent, shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee and LACF2 if made in the manner provided in this Section.

The fact and date of the execution by any person of any such request, consent or other instrument or writing may be proved by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the person signing such request, consent or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer.

The ownership of registered Bonds shall be proved by the Bond Register.

Any request, consent, or other instrument or writing of the Owner of any Bond shall bind every future Owner of the same Bond and the Owner of every Bond issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or LACF2 in accordance therewith or reliance thereon.

**Section 11.09. Applicable Provisions of Law.** This Indenture shall be governed by and construed in accordance with the laws of the State.

**Section 11.10. Execution in Several Counterparts.** This Indenture may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts, or as many of them as LACF2 and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

**Section 11.11. No Recourse on Bonds.** No recourse shall be had for the payment of the principal of or interest on any of the Bonds or for any claim based thereon or upon any obligation, covenant or agreement contained in the Indenture, against any past, present or future director, officer, employee or agent, or member of LACF2, or any successor to LACF2, as such, either directly or through LACF2, or any past, present, or future director, officer, employee or agent, or

member of any successor to LACF2 under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such director, officer, employee or agent, or member of LACF2 or any successor to LACF2, as such, is expressly waived and released as a condition of and in consideration for the execution of the Indenture and the issuance of the Bonds.

**Section 11.12. LACF2's Compliance With Continuing Disclosure Requirements of the SEC.**

(a) Contract/Undertaking. This Section constitutes LACF2's written undertaking for the benefit of the Owners and Beneficial Owners of the Bonds as required by Section (b)(5) of the Rule.

(b) Financial Statements/Operating Data. LACF2 agrees to provide or cause to be provided to the Municipal Securities Rulemaking Board ("MSRB"), the following annual financial information and operating data for the prior fiscal year:

(1) Annual financial statements showing ending fund balances for LACF2 prepared in accordance with generally accepted accounting principles; and

(2) Information regarding material changes to the Facilities Lease, material Rent delinquencies, changes in tenancy of the Premises (but excluding subtenancies of specific County agencies or departments) and any change in Trustee, presented in substantially the form set forth on Exhibit D hereof.

Such information and data described above shall be provided on or before nine months after the end of LACF2's fiscal year, commencing with the report for LACF2's [June 30, 2024], fiscal year (which is due no later than [April 1, 2025]). LACF2's current fiscal year ends June 30. LACF2 shall provide notice of any change in such fiscal year by providing written notice of the change to the MSRB. In lieu of providing such annual financial information and operating data, LACF2 may cross-reference to other documents available to the public on the MSRB's internet website or filed with the SEC.

If not provided as part of the annual financial information discussed above, LACF2 shall provide LACF2's audited annual financial statement prepared in accordance with generally accepted accounting principles, when and if available, to the MSRB.

(c) Enumerated Events. LACF2 agrees to provide or cause to be provided to the MSRB, in a timely manner not in excess of ten Business Days after the occurrence of the event, notice of the occurrence of any of the following events with respect to the Bonds:

1. Principal and interest payment delinquencies;
2. Nonpayment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue service of proposed or final determinations of taxability, Notices of Proposed Issue



(IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

7. Modifications to the rights of Bond Owners, if material;
8. Bond calls, if material, and tender offers for the Bonds;
9. Defeasances;
10. Release, substitution or sale of property securing repayment of the Bonds, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of LACF2;
13. The consummation of a merger, consolidation, or acquisition of the LACF2 or the sale of all or substantially all of the assets of LACF2, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement to undertake such an actions, other than pursuant to its terms, if material; and
14. Appointment of a successor or additional Trustee or the change of name of the Trustee, if material;
15. Incurrence of a financial obligation (as defined in the Rule), if material, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a financial obligation, any of which affect security holders, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation, any of which reflect financial difficulties.

(d) Notification Upon Failure to Provide Financial Data. LACF2 agrees to provide or cause to be provided, in a timely manner, to the MSRB, notice of its failure to provide the annual financial information and operating data described in subsection (b) above on or prior to the date set forth in subsection (b) above.

(e) Additional Information. In addition to the information required to be provided under the Rule, LACF2 agrees to provide in a timely manner to the MSRB, notice (i) if the County ceases to be the lessee of the Premises, and (ii) if the Facilities Lease expires or terminates.

(f) EMMA; Format for Filings With the MSRB. Until otherwise designated by the MSRB or the SEC, any information or notices submitted to the MSRB in compliance with the Rule are to be submitted through the MSRB's Electronic Municipal Market Access system ("EMMA"), currently located at [www.emma.msrb.org](http://www.emma.msrb.org). All notices, financial information and operating data required by this undertaking to be provided to the MSRB must be in an electronic format as prescribed by the MSRB. All documents provided to the MSRB pursuant to this undertaking must be accompanied by identifying information as prescribed by the MSRB.

(g) Termination/Modification. LACF2's obligations under this Section 11.12 shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. This section, or any provision hereof, shall be null and void if LACF2 (1) obtains an Opinion of Bond Counsel to the effect that those portions of the Rule that require this section, or any such provision,

are invalid, have been repealed retroactively or otherwise do not apply to the Bonds; and (2) notifies the MSRB of such opinion and the cancellation of this section.

Notwithstanding any other provision of this Indenture including without limitation the provisions of Article IX, LACF2 may amend this Section 11.12, and any provision of this Section 11.12 may be waived, with an Opinion of Bond Counsel to the effect that such amendment or waiver is consistent with and does not violate the Rule.

In the event of any amendment or waiver of a provision of this Section 11.12, LACF2 shall describe such amendment or waiver in the next annual report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by LACF2. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a reportable event under subsection (c) of this Section 11.12, and (ii) the annual report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

**Section 11.13. Continuing Disclosure by County.** Pursuant to its Undertaking for Ongoing Disclosure, dated [\_\_\_\_\_] (the “County Undertaking”), the County has undertaken responsibility to comply with the continuing disclosure requirements of an “Obligated Person” with respect to the Bonds as set forth in Section (b)(5)(i) of the Rule. Neither the Trustee nor LACF2 shall have any liability to the Owners or Beneficial Owners of the Bonds or any other Person with respect to such disclosure matters, and failure by the County to comply with the County Undertaking will constitute neither an Event of Default nor a Facilities Lease Default Event.

**Section 11.14. Force Majeure.** Notwithstanding any other provision of this Indenture, the Trustee shall not be obligated to perform any obligation hereunder and shall not incur any liability for the nonperformance or breach of any obligations hereunder to the extent that the Trustee is delayed in performing, unable to perform or breaches such obligation because of acts of God, it being understood that the Trustee shall use commercially reasonable efforts consistent with accepted practices for corporate trustees to maintain performance without delay or resume performance as soon as reasonably practicable under the circumstances.

**Section 11.15. Non-Business Day.** If the date for making any payment or the last day for performance of any act or the exercising of any right, as provided in this Indenture, is on a Saturday, Sunday or any other day that is not a Business Day, such payment (or performance) with no interest accruing for the period from and after such nominal date, may be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date provided for in this Indenture.

**IN WITNESS WHEREOF**, Los Angeles County Facilities 2 Inc. has caused this Indenture to be signed in its name by its President, and U.S. Bank Trust Company, National Association, in accepting the trusts created hereunder, has caused this Indenture to be signed in its corporate name by its officer thereunder duly authorized, all as of the day and year first above written.

**LOS ANGELES COUNTY FACILITIES  
2 INC.**

By: \_\_\_\_\_  
John Finke, President

**U.S. BANK TRUST COMPANY,  
NATIONAL ASSOCIATION**

By: \_\_\_\_\_  
Authorized Officer

U.S. BANK NATIONAL ASSOCIATION HEREBY ACCEPTS APPOINTMENT AS SECURITIES INTERMEDIARY UNDER THIS INDENTURE AND AGREES TO BE BOUND BY THE PROVISIONS OF THIS INDENTURE APPLICABLE TO THE SECURITIES INTERMEDIARY.

**U.S. BANK NATIONAL ASSOCIATION**

By: \_\_\_\_\_  
Authorized Officer

**EXHIBIT A**  
**FORM OF BONDS**

R-\_\_\_\_\_ \$ \_\_\_\_\_

**LOS ANGELES COUNTY FACILITIES 2 INC.**  
**LEASE REVENUE BONDS, SERIES 2024**  
**(VERMONT CORRIDOR SITE 2)**

<b>INTEREST RATE</b>	<b>MATURITY DATE</b>	<b>DATED DATE</b>	<b>CUSIP</b>
%	December 1, 20__	[____], 2024	

**REGISTERED OWNER: CEDE & CO.**

**PRINCIPAL AMOUNT:** \_\_\_\_\_

Los Angeles County Facilities 2 Inc., a California nonprofit public benefit corporation (“LACF2”), for value received, hereby promises to pay (but only as provided in the Indenture) to the Registered Owner identified above, or registered assigns, on the Maturity Date (subject to any right of prior redemption hereinafter mentioned), the Principal Amount identified above in lawful money of the United States of America; and to pay interest on the Principal Amount in like lawful money from the date hereof until payment of the Principal Amount discharged as provided in the Indenture hereinafter mentioned, at the Interest Rate set forth above, payable on the first day of each June and December (an “Interest Payment Date”) commencing [\_\_\_\_\_] 1, 202\_]. For so long as this bond is in fully immobilized form, payments of principal and interest thereon shall be made as provided in accordance with the operational arrangements of DTC referred to in the Letter of Representations. If this bond is no longer in fully immobilized form, the principal (or redemption price) hereof is payable upon presentation hereof at maturity or redemption date at the designated corporate trust office of U.S. Bank Trust Company, National Association (together with any successor as trustee under the Indenture, the “Trustee”).

This bond is one of a duly authorized issue of bonds of LACF2 designated as “Los Angeles County Facilities 2 Inc. Lease Revenue Bonds, Series 2024 (Vermont Corridor Site 2)” (the “Bonds”), issued in the aggregate principal amount of \$[\_\_\_\_], pursuant to that certain Indenture of Trust, dated as of [\_\_\_\_\_] 1, 2024, by and between LACF2 and the Trustee (the “Indenture”). Pursuant to and as more particularly provided in the Indenture, Additional Bonds may be issued by LACF2 on a parity with the Bonds. Capitalized terms used in this bond and not otherwise defined herein have the meanings given such terms in the Indenture.

The Bonds are issued for the purpose of financing an office building, ancillary improvements and parking on the Premises, which shall be leased to the County of Los Angeles (the “County”), pursuant to a Facilities Lease Agreement, dated as of [\_\_\_\_\_] 1, 2024, between LACF2, as landlord, and the County, as tenant (the “Facilities Lease”), for the purposes and on the terms and conditions set forth therein.

Reference is hereby made to the Indenture (copies of which are on file at the corporate trust office of the Trustee in Los Angeles, California) and all indentures supplemental thereto and to the Resolution for a description of the rights thereunder of the Registered Owners of the Bonds, of the nature and extent of the security, of the rights, duties and immunities of the Trustee and of the rights and obligations of LACF2 thereunder, to all the provisions of which Indenture and Resolution the Registered Owner of this Bond, by acceptance hereof, assents and agrees.

The Bonds and the interest thereon are payable as provided in the Indenture, and are secured as provided therein and in the Other Documents

The Bonds of this issue are subject to optional, extraordinary optional and mandatory redemption at the times, in the manner, at the redemption prices and upon notice as specified in the Indenture.

If an Event of Default (as that term is defined in the Indenture) shall occur, the principal of all Bonds may be declared due and payable upon the conditions, in the manner and with the effect provided in the Indenture.

This Bond shall not be entitled to any benefit under the Indenture, or become valid or obligatory for any purpose, until the certificate of authentication hereon endorsed shall have been signed by the Trustee.

Unless this Bond is presented by an authorized representative of The Depository Trust Company to the Trustee for registration of transfer, exchange or payment, and any Bond issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

It is hereby certified and recited that any and all conditions, things and acts required to exist, to have happened and to have been performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by the Indenture and applicable law and that the amount of this Bond is not in excess of the amount of Bonds permitted to be issued under the Indenture.

**IN WITNESS WHEREOF**, Los Angeles County Facilities 2 Inc. has caused this Bond to be executed in its name and in its behalf by the manual or facsimile signature of its President and Secretary initially all as of the date of original issuance, [\_\_\_\_\_], 2024, and thereafter as provided in the Indenture.

**LOS ANGELES COUNTY FACILITIES  
2 INC.**

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

**ATTESTED BY:**

---

Secretary

**TRUSTEE’S CERTIFICATE OF AUTHENTICATION**

This is one of the Los Angeles County Facilities 2 Inc. Lease Revenue Bonds, Series 2024 (Vermont Corridor Site 2), as described in the within-mentioned Indenture.

Date of Authentication: \_\_\_\_\_

**U.S. BANK TRUST COMPANY,  
NATIONAL ASSOCIATION, as Trustee**

By: \_\_\_\_\_  
Authorized Officer

**ASSIGNMENT**

For value received the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_ whose address and social security or other tax identifying number is \_\_\_\_\_, the within-mentioned Bond and hereby irrevocably constitute(s) and appoint(s) \_\_\_\_\_ attorney, to transfer the same on the registration books of the Trustee with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature Guaranteed:

\_\_\_\_\_

\_\_\_\_\_  
Note: Signature guarantee shall be made by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Trustee.

\_\_\_\_\_  
Note: The signature(s) on this Assignment must correspond with the name(s) as written on the face of the within Bond in every particular without alteration or enlargement or any change whatsoever.



**EXHIBIT B**

**REQUISITION CERTIFICATE**

TO: U.S. Bank Trust Company, National Association, as Trustee  
FROM: Los Angeles County Facilities 2 Inc.  
SUBJECT: Indenture of Trust, dated as of [\_\_\_\_\_] 1, 2024 (the “Indenture”) regarding Los Angeles County Facilities 2 Inc. Lease Revenue Bonds, Series 2024 (Vermont Corridor Site 2) (the “Bonds”)

This represents Requisition Certificate No. \_\_\_\_\_ in the total amount of \$\_\_\_\_\_ for payment of Costs of Issuance of the Bonds or Costs of the Project. You are requested to make the disbursement(s) to pay this requisition from the following Funds, Accounts or Subaccounts under the Indenture:

- Cost of Issuance Fund  
Payee/Account No:  
Payee/Account No:  
Payee/Account No:  
Payee/Account No:
  
- Project Fund— Non-Bond Proceeds Subaccount  
Payee/Account No:  
Payee/Account No:  
Payee/Account No:  
Payee/Account No:
  
- Project Fund— Bond Proceeds Subaccount  
Payee/Account No:  
Payee/Account No:  
Payee/Account No:  
Payee/Account No:

The undersigned does hereby represent, warrant and certify under the Indenture that:

1. The expenditures for which money is requested hereby represent proper Costs of Issuance of the Bonds or Costs of the Project, do not represent Costs of Issuance or Costs of the Project allocated on the Date of Issue to costs of acquiring the Premises (as described in Sections 4.01 and 4.02 of the Indenture), and have not been included in a previous Requisition Certificate.
  
2. The money requested hereby is not greater than that necessary to meet obligations due and payable. The money requested does not include retention or other money not yet due or earned under construction contracts.

3. If any portion of the draw under this requisition is to be paid to the General Contractor, all payment and performance bonds required by the Development Agreement have been delivered to the Developer.

Terms capitalized herein have the meanings specified in the Indenture.

Executed this \_\_\_ day of \_\_\_\_\_, 20\_\_.

**LOS ANGELES COUNTY FACILITIES  
2 INC.**

By: \_\_\_\_\_  
Authorized Officer

**EXHIBIT C**

**FINAL COMPLETION CERTIFICATE**

TO: U.S. Bank Trust Company, National Association, as Trustee

FROM: Los Angeles County Facilities 2 Inc.

SUBJECT: Indenture of Trust, dated as of [\_\_\_\_\_] 1, 2024 (the “Indenture”) regarding Los Angeles County Facilities 2 Inc. Lease Revenue Bonds, Series 2024 (Vermont Corridor Site 2) (the “Bonds”)

The undersigned does hereby represent, warrant and certify under the Indenture:

1. Final completion of the Project has occurred and the Costs of the Project have been paid in full except for those not yet due and payable, which are described below:

(a) Costs of the Project not yet due and payable:

<u>Description</u>	Amount
	\$ _____
TOTAL	\$ _____

(b) Payments being contested:

<u>Description</u>	Amount
	\$ _____
TOTAL	\$ _____

(c) Holdback Amounts

Amount (not exceeding \$\_\_\_\_\_) reserved for warranty work to be retained in the Project Fund until \_\_\_\_\_, 20\_\_\_\_.

\$ \_\_\_\_\_

\$ \_\_\_\_\_

2. The Rebate Analyst has made the rebate calculation required pursuant to Section 4.13 of the Indenture. Based on this calculation, the Trustee is hereby directed to transfer \$\_\_\_\_\_ from funds available in the Bond-Proceeds Subaccount in the Project Fund to the Rebate Fund.

3. No Facilities Lease Default has occurred. LACF2 hereby directs the Trustee to pay \$\_\_\_\_\_ from the Project Fund to the County to be used for additional Costs of the Project.

4. [No Facilities Lease Default Event has occurred.] The money remaining in the Project Fund in excess of the amounts set forth in 1(a), (b), (c), 2, and 3 above is no longer needed

to pay Costs of the Project, and the Trustee is hereby authorized and directed to transfer \$\_\_\_\_\_ of such money to the Principal Account, to be used to pay principal of the Bonds and until such payment is made to be invested at a yield not in excess of the yield on the Bonds.

Executed this \_\_\_ day of \_\_\_\_\_, 20\_\_.

**LOS ANGELES COUNTY FACILITIES  
2 INC.**

By: \_\_\_\_\_  
Authorized Officer

cc:

**EXHIBIT D**

**FORM OF LACF2'S ANNUAL DISCLOSURE REPORT**

Los Angeles County Facilities 2 Inc. ("LACF2")

Lease Revenue Bonds, Series 2024 (Vermont Corridor Site 2)

Report for Period Ending June 30, \_\_\_\_\_ (the "Reporting Period")

Annual Financial Statements

Attached is a copy of LACF2's annual financial statements for the Reporting Period described above showing ending fund balances for LACF2 prepared in accordance with generally accepted accounting principles.

Operating Data

1. Following are descriptions of any material changes made in the Facilities Lease during the Reporting Period:
2. The following material Rent delinquencies occurred during the Reporting Period:
3. The following change(s) in tenancy of the Premises (other than changes in subtenancies of specific County agencies or departments) occurred during the Reporting Period:
4. The following change(s) in the Trustee occurred during the Reporting Period:

# ENCLOSURE F

\$[\_\_\_\_\_]  
**LOS ANGELES COUNTY FACILITIES 2 INC.**  
**Lease Revenue Bonds, Series 2024**  
**(Vermont Corridor Site 2)**

**BOND PURCHASE AGREEMENT**

[\_\_\_\_\_], 2024

Los Angeles County Facilities 2 Inc.  
c/o Public Facilities Group  
1700 Seventh Avenue  
Suite 2100, PMB 552  
Seattle, Washington 98101

Board of Supervisors  
County of Los Angeles, California  
Los Angeles, California

Ladies and Gentlemen:

The undersigned, Barclays Capital Inc., as representative (the “Representative”), on behalf of itself and [\_\_\_\_\_] (collectively, the “Underwriters”), offers to enter into this Bond Purchase Agreement (the “Purchase Agreement”) with Los Angeles County Facilities 2 Inc. (the “Issuer”), a California nonprofit public benefit corporation, and the County of Los Angeles (the “County”), a political subdivision of the State of California (the “State”), which, upon acceptance of this offer by the Issuer and the County, will be binding upon the Issuer, the County and the Underwriters. This offer is made subject to written acceptance hereof by the Issuer and the County at or before 5:00 p.m., Pacific Time, on the date hereof, unless extended by agreement of the parties.

Exhibits A through I are attached to this Purchase Agreement and, by this reference, are made a part hereof. Capitalized terms used and not otherwise defined herein are defined in the Indenture of Trust (the “Indenture”) dated as of [\_\_\_\_\_], 2024, between the Issuer and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”).

**1. PURCHASE AND SALE.** The Los Angeles County Facilities 2 Inc. Lease Revenue Bonds, Series 2024 (Vermont Corridor Site 2) (the “Bonds”) are to be issued by the Issuer on behalf of the County pursuant to Revenue Ruling 63-20 of the U.S. Treasury, as amended and updated by Revenue Procedure 82-26 of the U.S. Treasury (the “Ruling”), shall be dated as of the date of delivery to the Underwriters, and shall mature and be subject to redemption

on the dates, at the redemption prices and in the principal amounts, shall bear interest payable on the dates and at the interest rates per annum, and shall be initially offered to the public at the prices or yields, all as set forth in Exhibit A. Subject to the terms and conditions and in reliance on the representations, warranties, covenants and agreements set forth herein, the Underwriters, jointly and severally, hereby agree to purchase from the Issuer, and the Issuer hereby agrees to sell and deliver to the Underwriters, all (but not less than all) of the Bonds, at a purchase price of \$[\_\_\_\_\_], representing the \$[\_\_\_\_\_] par amount of the Bonds, [plus/less] original issue [premium/discount] of \$[\_\_\_\_\_], less Underwriters' discount of \$[\_\_\_\_\_].

**2. THE BONDS.** The Issuer's Board of Directors (the "Board") adopted a resolution approving the issuance of the Bonds and the entrance into the Ground Lease, the Facilities Lease (each as defined below), and the Indenture on [\_\_\_\_\_], 2024 (collectively the "Issuer Authorization"). The Board of Supervisors of the County adopted a Resolution on [\_\_\_\_\_], 2024 approving, among other things, the issuance of the Bonds and an Ordinance approving the entrance into the Ground Lease and the Facilities Lease on [\_\_\_\_\_], 2024 (collectively the "County Authorization"). The Bonds are to be issued pursuant to the Issuer Authorization and the Indenture in substantially the form heretofore delivered to the Representative. The Bonds shall be as described in the Preliminary Official Statement dated [\_\_\_\_\_], 2024, relating to the Bonds (together with any appendices thereto, any documents incorporated therein by reference and any supplements or amendments thereto being herein called the "Preliminary Official Statement") and in Exhibit A hereto.

The proceeds of the Bonds will be used to (1) finance or refinance costs of designing, developing, permitting, and constructing improvements and installing furniture, fixtures and equipment on a site (located at 550 South Vermont Avenue and 3175 West 6th Street) owned by the County in the City of Los Angeles, California (the "Land"), consisting of (i) renovation and expansion of the existing office building comprised of (a) approximately 154,793 gross square feet of existing space renovated to Class A office space, including two ground floor retail spaces of approximately 1,000 square feet each, (b) an extension of the existing building floorplates to include an additional approximately 88,340 gross square feet of new Class A office space, for a total of approximately 243,133 gross square feet of Class A office space, (c) approximately 12,050 gross square feet of renovated subterranean back-of-house support space, and (d) an elevated pedestrian walkway connecting the existing office building to the terrace level of the neighboring office building commonly known as 510 South Vermont Avenue, (ii) the installation of approximately 10 surface parking spots and landscaping located on the Land; and (iii) demolition of the existing 52,000 square foot former Department of Workforce Development, Aging and Community Service headquarters and adjacent two-story parking structure located on the Land, all to serve as office space for various County departments, divisions and staff (collectively, the "Project") (2) fund capitalized interest on the Bonds through the construction period, and (3) pay costs of issuance of the Bonds. *[to be confirmed]*



The Project is being constructed pursuant to a Development Agreement between the Issuer and TC LA Development, Inc., a Delaware corporation (the “Developer”), dated as of [\_\_\_\_\_], 2024 (the “Development Agreement”). The Land is owned by the County and the County will lease the Land to the Issuer pursuant to the Ground Lease Agreement between the County and the Issuer, dated as of [\_\_\_\_\_], 2024 (the “Ground Lease”). The Issuer will lease the Land, the Project and such other improvements as may be located on the Land from time to time (collectively, the “Premises”) to the County pursuant to a Facilities Lease Agreement between the Issuer, as landlord, and the County, as tenant, dated as of [\_\_\_\_\_], 2024 (the “Facilities Lease”).

### **3. OFFICIAL STATEMENT**

3.1 Official Statement. Upon the Issuer’s and the County’s acceptance of this offer, the Issuer and the County shall be deemed to have ratified, approved and confirmed the Preliminary Official Statement with respect to the Bonds, in connection with the public offering and sale of the Bonds by the Underwriters. The Issuer shall deliver the final Official Statement to the Underwriters (a) in “designated electronic format” (as defined in Rule G-32 of the Municipal Securities Rulemaking Board (the “MSRB”)) and (b) in printed form in such quantities as the Underwriters shall reasonably request, dated the date hereof, substantially in the form of the Preliminary Official Statement, with only such changes as shall have been accepted by the Representative (said document, including its cover page, inside cover page and appendices, as the same may be amended and supplemented in accordance with this Purchase Agreement and as disseminated in its printed physical form or in electronic form in all respects materially consistent with such physical form, the “Official Statement”), approved for distribution pursuant to the Issuer Authorization and the County Authorization. The Issuer shall, as soon as practicable, but not later than seven (7) business days from the date hereof, deliver to the Underwriters such copies of the Official Statement and, in the event the date of Closing (as defined in Section 7 below) is less than seven (7) business days after the date hereof, upon request of the Underwriters, in sufficient time to accompany any confirmation requesting payment from any customers of the Underwriters and not later than three (3) business days prior to Closing; provided, however, that the failure of the Issuer to comply with this requirement due to any circumstance outside of the control of the Issuer shall not constitute cause for a failure of or refusal by the Underwriters to accept delivery of, or pay for, the Bonds. The Issuer has previously delivered to the Underwriters the Preliminary Official Statement. The Issuer represents and warrants that the Preliminary Official Statement has been deemed final by the Issuer, for purposes of paragraph (b)(1) of Rule 15c2-12 (“Rule 15c2-12”) under the Securities Exchange Act of 1934, as amended, except for the omission of no more than offering prices, interest rates, Underwriters’ discount, aggregate principal amount and principal amounts per maturity, delivery dates, ratings and other terms of the Bonds depending on such matters. The Issuer hereby ratifies, approves and confirms the distribution and use of the Preliminary Official

Statement by the Underwriters in connection with the public offering and sale of the Bonds prior to the availability of the Official Statement.

3.2 Amendments or Supplements. Between the date of this Purchase Agreement and 25 days following the “end of the underwriting period” (as defined in Rule 15c2-12), if any event occurs or any pre-existing fact becomes known that might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, or if any event relating to or affecting the correctness or completeness of any statement contained in the Official Statement occurs, then the Issuer (to the extent of its knowledge) and the County (to the extent of its knowledge) will promptly notify the Representative, and the Issuer or the County, as applicable, of the circumstances and details of such event or fact. If, in the opinion of the Representative, such event should be set forth or reflected in an amendment of or supplement to the Official Statement to make the Official Statement not misleading in light of the circumstances existing at the time it is delivered to the Underwriters, then the Issuer will, with the cooperation of the County to the extent applicable but at the sole expense of the Issuer, forthwith prepare and furnish to the Underwriters a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to the Representative, the Issuer and the County) that will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances existing at the time the Official Statement is delivered to the Underwriters, not misleading. Unless otherwise notified in writing by the Representative, the Issuer and County shall assume that the “end of the underwriting period” for purposes of Rule 15c2-12 shall be the date of the Closing. In the event such notice is so given in writing by the Representative, the Representative agrees to notify the Issuer and the County in writing following the occurrence of the end of the underwriting period.

3.3 Submission to the MSRB. The Issuer authorizes the Representative, and the Representative agrees, to submit one copy of the Official Statement to the MSRB in its Electronic Municipal Market Access System not later than seven (7) business days after the date of the Official Statement. The Underwriters shall fulfill all other responsibilities imposed thereupon by Rule 15c2-12.

**4. PUBLIC OFFERING.** It shall be a condition to the Issuer’s obligations to sell and to deliver the Bonds to the Representative and to the Underwriters’ obligation to purchase, to accept delivery of and to pay for the Bonds that the entire principal amount of the Bonds shall be issued, sold and delivered by the Issuer and purchased, accepted and paid for at Closing. The Underwriters agree to make a bona fide public offering of all the Bonds at a price which does not exceed the initial public offering prices or the yields as set forth on the inside cover page of the Official Statement. Subject to Section 11 hereof, subsequent to the initial public offering, the

Underwriters reserves the right to change the public offering prices (or yields) as the Underwriters deem necessary in connection with the marketing of the Bonds, provided that the Underwriters shall not change the interest rates as set forth on the inside cover page of the Official Statement. The Bonds may be offered and sold to certain dealers (including dealers depositing the Bonds into investment trusts) at prices lower than such initial public offering prices. The County and the Issuer hereby authorize the use by the Underwriters of this Purchase Agreement, the Indenture, the Development Agreement, the Ground Lease, the Facilities Lease, the Issuer Authorization, the County Authorization, the County Undertaking (as defined in Section 6.1 below) and the Official Statement, and any supplements or amendments thereto, and the information contained in each of such documents, in connection with the public offering and sale of the Bonds.

## **5. REPRESENTATIONS, WARRANTIES AND AGREEMENTS OF ISSUER.**

The Issuer represents and warrants to the Underwriters and the County as of the date hereof, and will represent and warrant to the Underwriters and the County as of the date of Closing, that:

5.1 The Issuer is a nonprofit public benefit corporation duly and validly created and is validly existing under the laws of the State of California.

5.2 The Issuer has full legal right, power and authority to finance, own and lease the Project and full legal right, power and authority to act on behalf of the County for purposes of the Ruling as described in the Preliminary Official Statement and the Official Statement.

5.3 The Issuer has full legal right, power and authority to (a) adopt the Issuer Authorization, (b) enter into this Purchase Agreement, the Ground Lease, the Facilities Lease, the Development Agreement, the Indenture, the Construction Leasehold Deed of Trust, Security Agreement, Assignment of Leases, and Fixture Filing dated as of [\_\_\_\_\_], 2024, by the Issuer, as grantor, for the benefit of the Trustee (the “Deed of Trust”), the Assignment of Leases and Cash Collateral dated as of [\_\_\_\_\_], 2024, from the Issuer to the Trustee (the “Assignment of Leases”), the Unsecured Environmental Indemnity Agreement dated as of [\_\_\_\_\_], 2024, from the Issuer to the Trustee (the “Environmental Indemnity Agreement”), the Subordination, Non-Disturbance and Attornment Agreement dated as of [\_\_\_\_\_], 2024, among the Issuer, the County and the Trustee (the “SNDA”), the Ground Lessor Consent, Estoppel, Recognition and Non-Disturbance Agreement dated as of [\_\_\_\_\_], 2024, among the Issuer, the County and the Trustee (the “Recognition Agreement”), the Assignment of Construction Documents dated as of [\_\_\_\_\_], 2024, from the Issuer to the Trustee (the “Assignment of Construction Documents”), and all other documents executed, delivered and to be delivered by the Issuer to which it is or will be a party in connection with the requirements of this Purchase Agreement and the Indenture (collectively, the “Issuer Documents”), (c) carry out and consummate the transactions contemplated by the

Issuer Authorization, the Issuer Documents and the Preliminary Official Statement, and (d) issue, sell and deliver the Bonds to the Underwriters as provided herein.

5.4 By all necessary official action of the Issuer prior to or concurrently with the acceptance hereof, the Issuer has duly authorized all necessary action to be taken by it for (i) the adoption of the Issuer Authorization and the issuance and sale of the Bonds, (ii) the approval, execution and delivery of, and the performance by the Issuer of the obligations on its part contained in, the Bonds and the Issuer Documents, (iii) the approval, distribution and use of the Preliminary Official Statement and the approval, execution, distribution and use of the Official Statement for use by the Underwriters in connection with the public offering of the Bonds, and (iv) the consummation by it of all other transactions described in the Official Statement, the Issuer Documents and any and all such other agreements and documents as may be required to be executed, delivered or received by the Issuer in order to carry out, give effect to, and consummate the transactions described herein and in the Official Statement.

5.5 This Purchase Agreement has been duly authorized, executed and delivered by the Issuer, and constitutes a legal, valid and binding obligation of the Issuer, enforceable in accordance with its terms, subject to bankruptcy, insolvency, reorganization, moratorium, and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights.

5.6 The other Issuer Documents, when duly executed and delivered, will constitute legal, valid and binding obligations of the Issuer, enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium, and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights.

5.7 The execution and delivery of the Bonds and the Issuer Documents and the adoption of the Issuer Authorization and compliance with the provisions on the Issuer's part contained therein, will not conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or to which the Issuer is or to which any of its property or assets are otherwise subject nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Issuer to be pledged to secure the Bonds or under the terms of any such law, regulation or instrument, except as provided by the Bonds, the Indenture and the other Issuer Documents.

5.8 The Bonds, when issued, delivered and paid for, in accordance with the Issuer Authorization, the Indenture and this Purchase Agreement, will have been duly authorized, executed, issued and delivered by the Issuer and will constitute the valid and binding obligations of the Issuer, enforceable against the Issuer in accordance with their terms, subject to

bankruptcy, insolvency, reorganization, moratorium, and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights.

5.9 Upon the issuance, authentication and delivery of the Bonds as aforesaid, the Indenture will provide, for the benefit of the holders from time to time of the Bonds, the legally valid and binding pledge of and lien on the Trust Estate as defined and pledged to such Bonds under the Indenture, and as provided in and contemplated by the Indenture.

5.10 The Preliminary Official Statement (except for information relating to and provided by the County and the Depository Trust Company as to which the Issuer makes no representation), as of its date and as of the date of this Purchase Agreement, did not and does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

5.11 The Issuer has deemed final as of its date the Preliminary Official Statement for purposes of Rule 15c2-12, except for the omission of no more than offering prices, interest rates, Underwriters' discount, aggregate principal amount and principal amounts per maturity, delivery dates, ratings and other terms of the Bonds depending on such matters.

5.12 The Bonds and the Indenture conform to the descriptions thereof contained in the Preliminary Official Statement and the Official Statement under the captions "THE BONDS," "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" and "APPENDIX C – Forms of Principal Legal Documents," and the proceeds of the sale of the Bonds will be applied generally as described in the Preliminary Official Statement and the Official Statement under the captions "INTRODUCTION—General" (second paragraph), "THE PROJECT" and "ESTIMATED SOURCES AND USES."

5.13 The Issuer has the legal authority to apply and will apply, or cause to be applied, the proceeds from the sale of the Bonds as provided in and subject to all of the terms and provisions of the Indenture, including for payment or reimbursement of expenses incurred in connection with the negotiation, marketing, issuance and delivery of the Bonds to the extent required by Section 10.1 of this Purchase Agreement, and will not take or omit to take any action which action or omission will adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Bonds.

5.14 At the time of the Issuer's acceptance hereof and (unless the Official Statement is amended or supplemented in accordance with this Purchase Agreement) at all times subsequent thereto during the period up to and including the date of Closing, the Official Statement (except for information relating to and provided by the County and the Depository Trust Company as to which the Issuer makes no representation) does not and will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein

or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

5.15 If the Official Statement is supplemented or amended in accordance with this Purchase Agreement, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto and until the end of the underwriting period as defined in Section 3.2, the Official Statement, as so supplemented or amended (except for information relating to and provided by the County and the Depository Trust Company as to which the Issuer makes no representation), will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

5.16 Prior to the Closing, the Issuer will not take any action within or under its control that will cause any adverse change of a material nature in the financial position, results of operations or condition, financial or otherwise, of the Issuer.

5.17 The Issuer is not in breach of or default under any applicable constitutional provision, law or administrative regulation of the State or the United States relating to the issuance of the Bonds or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or to which the Issuer or any of its property or assets is otherwise subject, and no event which would have a material and adverse effect upon the financial condition of the Issuer has occurred and is continuing which constitutes or with the passage of time or the giving of notice, or both, would constitute a default or event of default by the Issuer under any of the foregoing.

5.18 Except to the extent disclosed in the Preliminary Official Statement and the Official Statement, there is no litigation, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending or, to the best knowledge of the Issuer, threatened against the Issuer: (i) affecting the existence of the Issuer or the titles of its officers to their respective offices, (ii) affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Bonds, (iii) in any way contesting or affecting the validity or enforceability of the Bonds or the Issuer Documents, (iv) contesting the exclusion from gross income of interest on the Bonds for federal income tax purposes, (v) contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto, or (vi) contesting the powers of the Issuer or any authority for the issuance of the Bonds, the adoption of the Issuer Authorization or the execution and delivery of the Issuer Documents, nor, to the best knowledge of the Issuer, is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Bonds or the Issuer Documents.

5.19 Except as provided in the Preliminary Official Statement and the Official Statement, all authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the approval or adoption, as applicable, of the Issuer Documents, the issuance of the Bonds or the due performance by the Issuer of its obligations under the Issuer Documents, and the Bonds, have been duly obtained, except for such approvals, consents and orders as may be required under the blue sky or other securities laws of any state in connection with the offering and sale of the Bonds and except for certain construction permits, certificates of occupancy and similar approvals which the Issuer expects to obtain in due course.

5.20 The Issuer will furnish such information and execute such instruments and take such action in cooperation with the Underwriters, at no expense to the Issuer, as the Underwriters may reasonably request (A) to (y) qualify the Bonds for offer and sale under the blue sky or other securities laws and regulations of such states and other jurisdictions in the United States as the Underwriters may designate and (z) determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions and (B) to continue such qualifications in effect so long as required for the distribution of the Bonds (provided, however, that the Issuer will not be required to qualify as a foreign corporation or to file any general or special consents to service of process under the laws of any jurisdiction) and will advise the Underwriters immediately of receipt by the Issuer of any written notification with respect to the suspension of the qualification of the Bonds for sale in any jurisdiction or the initiation or threat of any proceeding for that purpose.

5.21 The Issuer will not, prior to the Closing, offer or issue any bonds, notes or other obligations for borrowed money or incur any material liabilities, direct or contingent, except in the ordinary course of business, without the prior approval of the Representative.

5.22 The Issuer has not failed during the previous five years to comply with any previous undertakings in a written continuing disclosure contract or agreement under Rule 15c2-12; the undertaking in connection with the Bonds is the Issuer's first written continuing disclosure contract or agreement under Rule 15c2-12.

5.23 Any certificate signed and delivered to the Representative by any official of the Issuer authorized to do so in connection with the transactions described in this Purchase Agreement shall be deemed a representation and warranty by the Issuer to the Underwriters as to the statements made therein.

**6. REPRESENTATIONS, WARRANTIES AND AGREEMENTS OF THE COUNTY.** The County represents and warrants to the Underwriters and to the Issuer as of the date hereof, and will represent and warrant to the Underwriters and the Issuer as of the date of Closing, as follows:

6.1 The County is, and will be on the date of Closing, a political subdivision of the State organized and operating pursuant to the Constitution and laws of the State with the full legal right, power and authority to (a) adopt the County Authorization, (b) enter into the Ground Lease, the Facilities Lease, the SNDA, the Recognition Agreement, the Continuing Disclosure Certificate of the County in the form set forth at Appendix E-2 to the Preliminary Official Statement (the “County Undertaking”), and this Purchase Agreement (collectively the “County Documents”), (c) own its properties and carry on its business as presently conducted, (d) lease the Land, as landlord, to the Issuer pursuant to the Ground Lease and lease the Premises from the Issuer pursuant to the Facilities Lease, (e) deliver at the Closing the Certificate of County attached as Exhibit B hereto and the Certificate of the County with respect to certain tax matters required by this Purchase Agreement and (f) carry out and consummate the transactions contemplated by the County Authorization, the County Documents, the Preliminary Official Statement and the Official Statement.

6.2 By official action of the County, prior to or concurrently with the acceptance hereof, the County has duly authorized and approved the execution and delivery of, and the performance by the County of the obligations on its part contained in, the County Documents to be executed by it and the consummation by it of all other transactions contemplated by the County Documents.

6.3 This Purchase Agreement has been, as of the date hereof, and the other County Documents will have been, as of the date of Closing, duly authorized, executed and delivered by the County and constitute, or will constitute, legal, valid and binding agreements of the County, enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting enforcement of creditors’ rights generally and by the application of equitable principles if equitable remedies are sought.

6.4 To the best knowledge of the County, the execution and delivery of the County Documents and the adoption of the County Authorization by the County and compliance with the provisions on the County’s part contained herein and therein, will not in any material respect conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the County is a party or to which the County is or to which any of its property or assets are otherwise subject, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets of the County or under the terms of any such law, administrative regulation, judgment, decree, loan agreement,



indenture, bond, note, resolution, agreement or other instrument, except as provided in the County Documents to be executed by the County.

6.5 To the best knowledge of the County, the County is not in breach of or default under any applicable law or administrative regulation of the State or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the County is a party or is otherwise subject, which breach or default would materially adversely affect the County's ability to enter into or perform its obligations under the County Documents to be executed by it, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute such a breach or default.

6.6 To the best knowledge of the County, and except as disclosed in the Preliminary Official Statement and in the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending in which service of process has been completed against the County or threatened against the County in any material respect affecting the existence of the County or the titles of its officers to their respective offices or seeking to prohibit, restrain or enjoin the adoption of the County Authorization or the payment of Rent as required under the Facilities Lease or in any way contesting or affecting the validity or enforceability of the County Documents or contesting the powers of the County or its authority to enter into, adopt or perform its obligations under any of the foregoing, or contesting in any way the completeness or accuracy of the information relating to and provided by the County in the Preliminary Official Statement or the Official Statement, or any amendment or supplement thereto, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the County Documents to be executed by the County or this Purchase Agreement or that could have a material adverse impact upon the ability of the County to enter into or perform its obligations under such documents or that may result in any material adverse change in the business, properties, assets or the financial condition of the County or in any way contesting the existence or powers of the County.

6.7 The information relating to and provided by the County contained in the Preliminary Official Statement was, as of the date thereof, and is, as of the date hereof (excluding any information permitted to be omitted pursuant to Rule 15c2-12), and the information of or pertaining to the County contained in the Official Statement will be, as of the date of Closing, true and correct in all material respects and such information did not, does not and will not, as applicable, contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

6.8 If the information relating to and provided by the County in the Official Statement is amended or supplemented in accordance with this Purchase Agreement, at the time

of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such Section) at all times subsequent thereto and until the end of the underwriting period as defined in Section 3.2, the County will further amend or supplement the Official Statement so that the Official Statement, as supplemented or amended (including any financial and statistical data contained therein), will not contain any untrue statement of a material fact or omit to state a material fact relating to and provided by the County in necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading.

6.9 Other than those which have heretofore been disclosed to the Representative in writing and except as may be required under blue sky or other securities laws of any state, no consent, approval, authorization or order of any State court or governmental body is required for the consummation by the County of the transactions contemplated by the Official Statement, except such as have been obtained and except such as may be required under state securities or blue sky laws in connection with the purchase and distribution of the Bonds by the Underwriters.

6.10 After the date of Closing, the County will not participate in the issuance of any amendment of or supplement to the Official Statement to which, after being furnished with a copy, the Representative shall reasonably object in writing or which shall be disapproved by counsel for the Underwriters.

6.11 The County has not within the last five years failed to comply in any material respect with any continuing disclosure undertakings with regard to Rule 15c2-12, to provide annual reports or notices of enumerated events specified in such rule.

6.12 The financial statements of, and other financial information regarding, the County contained in the Preliminary Official Statement and in the Official Statement fairly present the financial position and results of the operations of the County as of the dates and for the periods therein set forth, and, to the best of the County's knowledge, (i) the audited financial statements have been prepared in accordance with generally accepted accounting principles consistently applied, and (ii) the other financial information has been determined on a basis substantially consistent with that of the County's audited financial statements included in the Preliminary Official Statement and in the Official Statement.

6.13 Any certificate signed by an authorized County representative and delivered to the Representative pursuant to this Purchase Agreement shall be deemed a representation and warranty by the County to the Underwriters as to the truth of the statements therein made.

6.14 The exceptions set forth in the preliminary title report with respect to the Land, subject to permitted encumbrances, do not, and the exceptions set forth in the policy or

policies of title insurance will not, materially impair the value of the Land, the existing facilities thereon or the sites thereof, nor materially impair the County's enjoyment of the same for any purposes for which they are, or may reasonably be expected to be, used.

**7. THE CLOSING.** At 8:00 a.m., Pacific Time, on [\_\_\_\_\_], 2024, or at such other time or on such other date as may be mutually agreed upon by the Issuer and the Representative, the Issuer shall, subject to the terms and conditions hereof, (a) deliver or cause to be delivered to the Trustee to be held by the Trustee on behalf of The Depository Trust Company ("DTC"), for credit to the account of the Representative, the Bonds in definitive form duly executed by the Issuer and authenticated by the Trustee, and (b) deliver or cause to be delivered to the Representative the other documents and instruments to be delivered at the Closing pursuant to Section 8.6 of this Purchase Agreement (the "Closing Documents"). At the same time and place, and subject to the terms and conditions hereof, the Underwriters shall accept such delivery of and pay the purchase price for the Bonds as set forth in Section 1 hereof and Exhibit A hereto by wire transfers in immediately available funds to the Trustee. Such delivery and payment is herein referred to as the "Closing."

Delivery of the Closing Documents and payment for the delivery of the Bonds shall be made at the Los Angeles, California office of Orrick, Herrington & Sutcliffe LLP or at such other location as is agreeable to the Issuer, the County, and the Representative.

The Bonds shall be in definitive form, shall be registered in the Bond Register in the name of Cede & Co., the nominee of DTC, and shall be in authorized denominations. The Representative shall order CUSIP identification numbers, and the Issuer shall cause such CUSIP identification numbers to be typed or printed on the Bonds, but neither the failure to print or type such number on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the Underwriters to accept delivery of and pay for the Bonds in accordance with the terms of this Purchase Agreement.

**8. CLOSING CONDITIONS.** The Representative, on behalf of the Underwriters, is entering into this Purchase Agreement (a) in reliance upon the representations, warranties and agreements of the Issuer contained herein, (b) in reliance upon the representations, warranties and agreements of the County contained herein, and (c) in reliance upon the representations, warranties and agreements of the Issuer and the County to be contained in the Closing Documents. Accordingly, the Underwriters' obligations under this Purchase Agreement to purchase, to accept delivery of and to pay for the Bonds shall be conditioned upon the performance by the Issuer and the County of the covenants and agreements to be performed hereunder and thereunder at or prior to the Closing and are also subject to the following conditions:

8.1 The representations and warranties of the Issuer contained in Section 5 hereof and the representations and warranties of the County contained in Section 6 shall be true,

complete and correct in all respects on the date hereof and on the date of Closing as if made on the date of the Closing.

8.2 At the time of the Closing, all official action of the Issuer relating to the Indenture, the Bonds, the Ground Lease, the Facilities Lease, the Development Agreement, and this Purchase Agreement and all other Issuer Documents shall have been taken and such documents shall be in full force and effect in accordance with their respective terms and shall not have been amended, modified or supplemented since the date hereof except as shall have been agreed to in writing by the Representative.

8.3 At the time of the Closing, the Official Statement as delivered to the Underwriters in accordance with the terms of Section 3.1 hereof shall not have been supplemented or amended without the consent of the Representative in compliance with that Section and no event or circumstance shall have occurred which, in the opinion of the Representative, would require such amendment or supplement, unless such supplement or amendment has been prepared and distributed with the consent of the Representative in accordance with this Purchase Agreement.

8.4 At the time of the Closing, there shall have been no material adverse change in the operations or financial condition of the Issuer or the County.

8.5 The Bonds shall have been given ratings of “[ ]” by S&P Global Ratings and “[ ]” by Fitch Ratings, Inc.

8.6 At or prior to the Closing, the Representative shall have received each of the following documents:

(a) From the Issuer:

(1) A copy of the Articles of Incorporation and any amendments thereto of the Issuer and a certificate of status of the Issuer, each certified by the California Secretary of State and the Franchise Tax Board and dated no more than 10 days prior to the Closing;

(2) A copy of the Bylaws and any amendments thereto of the Issuer, certified by the Secretary of the Issuer;

(3) A copy of the resolutions or consent in lieu of meeting of the Board of the Issuer electing the current officers of the Issuer, certified by the Secretary of the Issuer;

(4) The Issuer Authorization, certified by the Secretary of the Issuer as of the date of the Closing, authorizing the Issuer to enter into the Issuer Documents and to issue the Bonds;

(5) Affidavits of publication of notice of bond sale in accordance with California Government Code §5808;

(6) Copy of report of proposed debt issuance to the California Debt and Investment Advisory Commission, together with acknowledgment of report;

(7) An executed copy of each of the following, each certified by the President or Vice President of the Issuer as of the date of the Closing (a) to be true, correct and complete copies of such documents, (b) to have been duly authorized, executed and delivered by the Issuer, and (c) not to have been modified, amended, superseded or rescinded, and remaining in full force and effect, as of the date of the Closing:

- (i) the Facilities Lease and memorandum thereof;
- (ii) the Development Agreement;
- (iii) the Indenture;
- (iv) the Deed of Trust;
- (v) the Ground Lease and memorandum thereof;
- (vi) the Assignment of Leases;
- (vii) the Assignment of Construction Documents and other collateral assignment documents;
- (viii) the SNDA;
- (ix) the Environmental Indemnity Agreement;
- (x) the Recognition Agreement;
- (xi) the Blanket Issuer Letter of Representations between DTC and the Issuer;
- (xii) this Purchase Agreement;

(xiii) all other Issuer Documents (to the extent requested by the Representative); and

(xiv) two copies of the Official Statement and each supplement or amendment, if any, thereto, each executed by the Issuer.

(8) A certificate of the Issuer deeming final the Preliminary Official Statement as of its date, executed by the President or Vice President of the Issuer and dated as of that date;

(9) A certificate or certificates of the Issuer, dated the date of the Closing, executed by an authorized officer of the Issuer and satisfactory in form and substance to the Representative, to the effect that:

(i) Each of the representations and warranties of the Issuer set forth in Section 5 of this Purchase Agreement is true, accurate and complete as of the date of the Closing;

(ii) The Issuer has complied with all agreements and covenants and satisfied all conditions contemplated by the Issuer Authorization and the Issuer Documents on its part to be performed or satisfied at or prior to the date of Closing;

(iii) The information and statements in the Preliminary Official Statement as of its date and as of the date hereof and the Official Statement as of its date and the date of Closing (except for information relating to and provided by the County and the Depository Trust Company) did not and do not contain an untrue statement of a material fact or omit any statement of material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(10) A certificate of an authorized officer of the Issuer to the effect that the insurance required to be obtained by or on behalf of the Issuer under the Indenture, the Ground Lease, the Facilities Lease and the Development Agreement is in full force and effect;

(11) A certificate of the Issuer with respect to arbitration and tax matters in form and substance satisfactory to Bond Counsel;

(12) A copy of the completed information return of the Issuer (on Form 8038-G), executed by the Issuer, pursuant to the provisions of Section 149(e) of the Code, in connection with the issuance of the Bonds;

(13) A copy of the report of final Bond sale to the California Debt and Investment Advisory Commission;

(14) the UCC-1 financing statements naming the Issuer as debtor to be filed with the California Secretary of State; and

(b) From the County:

(1) A copy of the ordinance authorizing a public leaseback to finance the costs of construction of the Project, certified as of the date of Closing to be a true and correct copy of that ordinance and in full force and effect;

(2) Executed copies of each of the County Documents;

(3) A certificate of the County in substantially the form attached to this Purchase Agreement as Exhibit B; and

(4) A certificate of the County with respect to arbitration and tax matters in form and substance satisfactory to Bond Counsel;

(c) From the Developer:

(1) A certificate or certificates of the Developer, executed by an authorized officer of the Developer and dated the date of Closing, to the effect that:

(i) the Developer is duly organized and existing under the laws of the State of Delaware and is qualified to transact business and is in good standing in the State of California and has full power and authority to enter into the Development Agreement and to carry out its obligations thereunder;

(ii) the Development Agreement has been duly authorized, executed and delivered by the Developer and constitutes a legal, valid and binding agreement of the Developer enforceable in accordance with its terms, except as the enforcement thereof may be affected by valid bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights or principles of equity;

(iii) the Developer is not in breach of or in default of any applicable judgment or decree to which the Developer or any of its properties is a party or is otherwise subject, and to Developer's knowledge, the Developer is not in breach of or in default under any

applicable law or administrative regulation, which would in either case have a material adverse effect upon the business or financial position of the Developer or the Project;

(iv) there is no litigation, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or, to the Developer's knowledge, threatened against the Developer in which any judgment or order would have a material adverse effect upon the business (financial or otherwise) or assets thereof or affect its existence or authority to do business, the validity of the Development Agreement or the performance by the Developer of its obligations thereunder;

(v) the execution, delivery and performance by the Developer of its obligations under the Development Agreement and compliance by the Developer with the provisions thereof will not violate any provision of the Developer's organizational documents, or to the Developer's knowledge, existing federal law or law of the State of California, or any rule or regulation of any court or any public or governmental agency applicable to the Developer or the Project, and to the Developer's knowledge, will not violate any judgment or order of any court or any public or governmental agency applicable to the Developer or the Project and will not conflict with, or result in any breach of any of the provisions of, or constitute a default under any material agreement or instrument to which the Developer is a party or by which the Developer or any of its properties is or may be bound;

(vi) except as set forth in the Preliminary Official Statement and the Official Statement, no additional consents or approvals are required for the Developer to enter into the Development Agreement;

(vii) the Developer has complied with all agreements and covenants and satisfied all conditions contemplated by the Development Agreement on its part to be performed or satisfied at or prior to the date of Closing; and

(viii) the information contained in the Preliminary Official Statement as of its date and as of the date hereof and the Official Statement as of its date and the date of the Closing under the headings "INTRODUCTION – The Project," "THE PROJECT – General," "THE PROJECT – Construction of the Project" (excluding the information under subheadings "General Construction Contracts" and "Project Construction



and Management under the Facilities Lease”), “THE PROJECT – The Developer,” “THE PROJECT – Design, Permits and Approvals,” and “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Developer’s Limited Obligation for Carrying Costs” did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

Such certificate shall state that the certificate does not modify any of the terms of the Development Agreement, including without limitation Section 23.6 thereof.

(2) A certificate of an authorized officer of the Developer that the insurance (excluding insurance that is the Issuer's obligation to obtain) and payment and performance bonds required by the Development Agreement to be in effect as of the date of Closing are in full force and effect;

(d) From the Trustee:

A certificate of the Trustee, executed by an authorized officer of the Trustee and dated the date of Closing, to the effect that (a) the Trustee is a duly organized and validly existing national banking association under the laws of the United States of America, legally doing business in and duly qualified to exercise trust powers in the United States of America, eligible under the Indenture to act as trustee thereunder, and has full corporate right, power and authority to accept the trusts contemplated by and to perform all duties and obligations on its part to be performed and to take all actions required or permitted on its part to be taken under and pursuant to the Indenture; (b) the Trustee has duly authorized the acceptance of the trusts contemplated by the Indenture, has duly accepted the duties and obligations of Trustee thereunder and has duly authorized, executed and delivered the Indenture, and the duties and obligations of the Trustee under the Indenture constitute valid, legal and binding obligations of the Trustee in accordance with the terms of the Indenture subject to customary qualifications and exceptions; (c) all approvals, consents, authorizations, elections and orders of or filings or registrations with any governmental authority, agency, board or commission having jurisdiction in the matter which would constitute a condition precedent to, or the absence of which would materially adversely affect, the performance by the Trustee of its duties and obligations under the Indenture, have been obtained and are in full force and effect; (d) the acceptance of the duties and obligations of the Trustee under the Indenture, execution and delivery of the Indenture, and the performance or the consummation of the transactions on the part of the Trustee contemplated in the Indenture and the compliance by the

Trustee with the terms, conditions and provisions of such document have been duly authorized by all necessary corporate action on the part of the Trustee and do not contravene any provision of applicable law or regulation or any order, decree, writ or injunction or the Trustee's articles of association or bylaws, and do not require consent under (except to the extent such consent has been obtained), or result in a breach of or default under, any material agreement or material instrument to which the Trustee is a party or is otherwise subject or bound; and (e) to the knowledge of the Trustee, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency or public board or body, pending or threatened, in any way contesting or affecting the creation, organization or existence of the Trustee or the authority of the Trustee to accept or perform the duties and obligations of the Trustee under the Indenture;

(e) Opinions as follows:

(1) Opinions of Hillis Clark Martin & Peterson P.S. and Glaser Weil Fink Howard Avchen & Shapiro LLP, as counsel to the Issuer ("Issuer's Counsel"), dated the date of the Closing and addressed to the Issuer, the Trustee, the County, Orrick, Herrington & Sutcliffe LLP, and the Representative, as representative of the Underwriters, in substantially the forms attached hereto as Exhibits C-1 and C-2;

(2) Opinions of the County Counsel and Loeb & Loeb, LLP, each dated the date of Closing and addressed to the Issuer, the Trustee, Orrick, Herrington & Sutcliffe LLP, and the Representative, as representative of the Underwriters, in substantially the forms attached hereto as Exhibits D-1 and D-2;

(3) A supplemental opinion or opinions from Orrick, Herrington & Sutcliffe LLP dated the date of the Closing, addressed to the Representative, as representative of the Underwriters, in substantially the form attached hereto as Exhibit F;

(4) An opinion or opinions of counsel to the Developer ("Developer's Counsel"), dated the date of Closing and addressed to the Issuer, the County, Orrick, Herrington & Sutcliffe LLP, and the Representative, as representative of the Underwriters, in substantially the form attached hereto as Exhibit E;

(5) A bond counsel opinion of Orrick, Herrington & Sutcliffe LLP dated the date of the Closing and addressed to the Issuer in substantially the form attached to the Preliminary Official Statement and the Official Statement as

Appendix D thereto together with reliance letters addressed to the Trustee, and the Representative, as representative of the Underwriters;

(6) An opinion of Hawkins Delafield & Wood LLP, Disclosure Counsel, dated the date of the Closing and addressed to the Issuer and the County in substantially the form attached to this Purchase Contract as Exhibit G, together with a reliance letter addressed to the Representative, as representative of the Underwriters;

(7) An opinion of Katten Muchin Rosenman LLP, Underwriters' counsel, dated the date of the Closing and addressed to the Representative, as representative of the Underwriters, substantially in the form attached to this Purchase Agreement as Exhibit H and in form and substance satisfactory to the Representative;

(8) An opinion of Issuer's Counsel dated the date of the Closing and addressed to the County, the Trustee and the Representative, as representative of the Underwriters, in form satisfactory to the Representative, that the assets and liabilities of the Issuer will not be consolidated with the assets and liabilities of entities related to the Issuer in the event of bankruptcy of any of the related entities; and

(9) An opinion of counsel to the Trustee, dated the date of Closing, in form and substance satisfactory to the Representative, addressed to the Issuer, the County, the Trustee and the Representative, as representative of the Underwriters.

(f) Satisfactory evidence of the recording and filing of a memorandum of the Ground Lease, a memorandum of the Facilities Lease, the Deed of Trust, the Assignment of Leases, the SNDA, the Recognition Agreement, and other recordable documents contemplated by the Indenture and the Issuer Documents;

(g) Satisfactory evidence that, pursuant to the Development Agreement, the Issuer and the general contractors have entered into guaranteed maximum price construction contracts for construction of the Project; and

(h) Such additional legal opinions, certificates, instruments and other documents as the Representative may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the date of the Closing, of the representations and warranties of the Issuer contained herein, the representations and warranties of the County contained herein, and of the statements and information contained in the Preliminary Official Statement and Official Statement, the due performance by the Issuer

and the County on or prior to the date of Closing of all the respective agreements then to be performed by them and the satisfaction on or prior to the date of the Closing of all the conditions to Closing prescribed herein.

All of the evidence, opinions, letters, certificates, instruments and other documents referred to above shall be in form and substance reasonably satisfactory to the Representative and to Underwriters' Counsel.

If the conditions to the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Bonds contained in this Purchase Agreement are not satisfied (and the Representative has not waived any such conditions), or if the obligations of the Underwriters to purchase, accept delivery of and pay for the Bonds are terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement shall terminate and, except as provided in Sections 10 and 13 hereof, none of the Underwriters, the Issuer nor the County shall be under any further obligation hereunder.

**9. TERMINATION.** The Representative shall have the right to terminate the Underwriters' obligation under this Purchase Agreement to purchase, to accept delivery of and to pay for the Bonds if, after the execution hereof and prior to the Closing, the market price or marketability of the Bonds or the ability of the Underwriters to enforce contracts for the sale of the Bonds shall be materially adversely affected in the reasonable judgment of the Representative by the occurrence of any of the following:

9.1 Legislation shall be enacted by or introduced in the Congress of the United States or recommended to the Congress for passage by the President of the United States, or the Treasury Department of the United States or the Internal Revenue Service or favorably reported for passage to either House of the Congress by any committee of such House to which such legislation has been referred for consideration, a decision by a court of the United States or of the State or the United States Tax Court shall be rendered, or an order, ruling or regulation (final, temporary or proposed) by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made or proposed, the effect of any or all of which would be to alter, directly or indirectly, federal income taxation upon interest received on obligations of the general character of the Bonds, or the interest on the Bonds as described in the Official Statement, or other action or events shall have transpired which may have the purpose or effect, directly or indirectly, of changing the federal income tax consequences of any of the transactions contemplated herein.

9.2 Legislation introduced in or enacted (or resolution passed) by the Congress or an order, decree, or injunction issued by any court of competent jurisdiction, or an order, ruling or regulation (final, temporary, or proposed) issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds are not

exempt from registration under or other requirements of the Securities Act of 1933, as amended, or that the Indenture is not exempt from qualification under or other requirements of the Trust Indenture Act of 1939, as amended, or that the issuance, offering, or sale of obligations of the general character of the Bonds, as contemplated hereby or by the Official Statement or otherwise, is or would be in violation of the federal securities law as amended and then in effect.

9.3 A general suspension of trading in securities on the New York Stock Exchange or any other national securities exchange, the establishment of minimum or maximum prices on any such national securities exchange, the establishment of material restrictions (not in force as of the date hereof) upon trading securities generally by any governmental authority or any national securities exchange, or any material increase of restrictions now in force (including, with respect to the extension of credit by, or the charge to the net capital requirements of, the Representative).

9.4 A general banking moratorium declared by federal, State of New York, or State officials authorized to do so.

9.5 Any event occurring, or information becoming known, which, in the reasonable judgment of the Representative makes untrue in any material respect any material statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

9.6 There shall have occurred (i) any new material outbreak of hostilities (including, without limitation, an act of terrorism), (ii) the escalation of hostilities existing prior to the date hereof, or (iii) any other extraordinary event, material national or international calamity or crisis, or any material adverse change in the financial, political or economic conditions affecting the United States, the Issuer or the County.

9.7 There shall have occurred any downgrading or any notice shall have been given of any downgrading in the rating assigned to the Bonds by a “nationally recognized statistical rating association,” as such term is defined for purposes of Rule 436(a)(2) under the Securities Act of 1933, as amended.

9.8 A material disruption in securities settlement, payment or clearance services shall have occurred.

## **10. EXPENSES.**

10.1 The Underwriters shall be under no obligation to pay, and the Issuer shall pay or cause to be paid, all expenses incident to the performance of its obligations hereunder, including, but not limited to (a) the cost of preparation, printing, authentication and registration of the Bonds; (b) the fees and disbursements of Issuer's Counsel, Bond Counsel, Disclosure Counsel and any other experts or consultants retained by the Issuer; (c) the fees and disbursements of the Trustee; (d) the fees and disbursements of Underwriters' Counsel; (e) the cost of preparation and printing (for distribution on or prior to the date hereof) of the Issuer Authorization and the Indenture; (f) the fees, if any, for ratings of the Bonds; (g) the cost of preparation, printing and distribution of the Preliminary Official Statement and the Official Statement; and (h) any other expense not identified in Section 10.2.

10.2 The Underwriters shall pay (a) all advertising expenses incurred by it in connection with the public offering of the Bonds; (b) all expenses relating to blue sky registration, if any; (c) the cost of CUSIP numbers; (d) the cost of preparation and printing of the blue sky memorandum, if any, to be used by the Underwriters and the cost of printing of this Purchase Agreement; (e) all California Debt and Investment Advisory Commission fees, and (f) all other expenses incurred by the Underwriters in connection with the Bonds other than the fees and disbursements of Underwriters' Counsel.

## **11. ESTABLISHMENT OF ISSUE PRICE.**

11.1 The Representative, on behalf of the Underwriters, agrees to assist the Issuer in establishing the issue price of the Bonds and shall execute and deliver to the Issuer at Closing an "issue price" or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit I, with such modifications as may be deemed appropriate or necessary, in the reasonable judgment of the Underwriters, the Issuer and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Bonds (the "Issue Price Certificate").

11.2 The Issuer will treat the first price at which 10% of each maturity of the Bonds (the "10% test") is sold to the public as the issue price of that maturity (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% test). At or promptly after the execution of this Purchase Agreement, the Representative shall report to the Issuer the price or prices at which the Underwriters have sold to the public each maturity of Bonds. If at that time the 10% test has not been satisfied as to any maturity of the Bonds, the Representative agrees to promptly report to the Issuer the prices at which Bonds of that maturity have been sold by the Underwriters to the public. That reporting obligation shall continue, whether or not the Closing has occurred, until the 10% test has been

satisfied as to the Bonds of that maturity or until all Bonds of that maturity have been sold to the public.

11.3 The Representative confirms that the Underwriters have offered the Bonds to the public on or before the date of this Purchase Agreement at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in Schedule I attached to the Issue Price Certificate, except as otherwise set forth therein. Schedule I also sets forth, as of the date of this Purchase Agreement, the maturities, if any, of the Bonds for which the 10% test has not been satisfied and for which the Issuer and the Representative, on behalf of the Underwriters, agree that the restrictions set forth in the next sentence shall apply, which will allow the Issuer to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the “hold-the-offering-price rule”). So long as the hold-the-offering-price rule remains applicable to any maturity of the Bonds, the Underwriters will neither offer nor sell unsold Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (a) the close of the fifth (5th) business day after the sale date; or
- (b) the date on which the Underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The Representative shall promptly advise the Issuer when the Underwriters have sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.

11.4 The Issuer acknowledges that, in making the representation set forth in this Section 11 the Representative will rely on (i) the agreement of each underwriter to comply with the hold-the-offering-price rule, as set forth in the agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an Underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires. The Issuer further acknowledges that each Underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no Underwriter shall be liable for the failure of any other Underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution

agreement, to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Bonds.

11.5 The Representative confirms that:

(a) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the Representative is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the Representative that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Representative and as set forth in the related pricing wires, and

(b) any agreement among underwriters relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the Representative or the Underwriter that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Representative or the Underwriter and as set forth in the related pricing wires.

11.6 The Underwriters acknowledges that sales of any Bonds to any person that is a related party to an Underwriter shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

(a) “public” means any person other than an underwriter or a related party,

(b) “underwriter” means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) to participate in the initial sale of the Bonds to the public (including a member



of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public),

(c) a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(d) “sale date” means the date of execution of this Purchase Agreement by all parties.

**12. NOTICES.** Any notice or other communication to be given to the Issuer under this Purchase Agreement may be given by delivering the same in writing to the address set forth above, Attention: John A. Finke, President, with a copy to the County at Treasurer and tax Collector, 500 West Temple, Room 432, Los Angeles, California 90012. Attention: [\_\_\_\_\_]. Any notice or other communication to be given to the Representative under this Purchase Agreement may be given by delivering the same in writing to Barclays Capital Inc., 10250 Constellation Blvd, Suite 750, Los Angeles, California 90067, Attention: Carmen Vargas, Managing Director.

**13. ENTIRE AGREEMENT; PARTIES IN INTEREST.** This Purchase Agreement is made solely for the benefit of the Issuer, the County and the Underwriters (including the successors of the Underwriters approved by the Issuer). No other person shall acquire or have any right hereunder or by virtue hereof. All of the representations, warranties and agreements of the Issuer contained in this Purchase Agreement and all representations, warranties and agreements of the County contained in this Purchase Agreement shall remain operative and in full force and effect regardless of (a) any investigation made by or on behalf of the Underwriters (but if the Underwriters do discover by its investigation that the Official Statement contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the Representative, on behalf of the Underwriters, shall so notify the Issuer and the County); (b) the delivery of and payment for the Bonds; and (c) any termination of this Purchase Agreement.

**14. GOVERNING LAW.** The validity, interpretation and performance of this Purchase Agreement shall be governed by the laws of the State of California.

**15. EFFECTIVENESS.** This Purchase Agreement shall become effective upon the execution of the acceptance hereof on behalf of the Issuer by an authorized officer of the Issuer, and the acknowledgement and agreement hereof on behalf of the County by an authorized officer of the County, and shall be valid and enforceable at the time of such execution.

**16. AMENDMENT.** This Purchase Agreement shall not be modified or amended without the prior written agreement of the Representative, the Issuer and the County.

**17. REPRESENTATION OF UNDERWRITERS.** Each Underwriter represents that it is authorized to take any action under this Purchase Agreement required to be taken by it. Each Underwriter represents that it is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization and is licensed by and registered with the Financial Industry Regulatory Authority as a broker-dealer and with the MSRB as a municipal bond dealer.

**18. HEADINGS.** The headings of the Sections of this Purchase Agreement are inserted for convenience only and shall not be deemed to be a part hereof.

**19. COUNTERPARTS.** This Purchase Agreement may be executed in several counterparts, which together shall constitute one and the same instrument.

**20. NO FIDUCIARY.** The Issuer and the County each agree and acknowledge that: (a) with respect to the engagement of each Underwriter by the Issuer, including in connection with the purchase, sale and offering of the Bonds, and the discussions, conferences, negotiations and undertakings in connection therewith, each Underwriter (i) is and has been acting as a principal and not an agent or fiduciary of the Issuer or the County and (ii) has not assumed an advisory or fiduciary responsibility in favor of the Issuer or the County; (b) the Issuer and the County have each consulted their own legal, financial and other advisors to the extent they have deemed appropriate; and (c) this Purchase Agreement expresses the entire relationship between the parties hereto.

[Signatures on the following page.]

Very truly yours,

UNDERWRITERS:

BARCLAYS CAPITAL INC., as representative of  
the Underwriters

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

Name: Carmen Vargas

Title: Managing Director

Accepted and Agreed To By:

ISSUER:

LOS ANGELES COUNTY FACILITIES 2 INC.,  
a California nonprofit public benefit corporation

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

Name: John Finke

Title: President

COUNTY:

COUNTY OF LOS ANGELES, CALIFORNIA  
a body corporate and politic

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

Name: FESIA A. DAVENPORT

Title: Chief Executive Officer

**Exhibit A**  
**Terms of the Bonds**

1. Aggregate Principal Amount: \$[\_\_\_\_\_]
2. Dated: [\_\_\_\_\_], 2024
3. Maturities, Principal Amounts, Interest Rates, Yields and Prices:

Maturity (December 1,)	Principal Amount	Interest Rate	Yield	Price
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\$[\_\_\_\_\_ % Term Bonds due December 1, 20\_\_; Yield – \_\_\_\_%; Price – \_\_\_\_]

<sup>c</sup> Yield calculated based on December 1, 20[\_\_\_] first optional redemption date.

4. **Redemption.**

Optional Redemption. The Bonds maturing on and prior to December 1, 20[\_\_\_] are not subject to optional redemption prior to their scheduled maturity. The Bonds maturing on and after December 1, 20[\_\_\_], are subject to redemption, in whole or in part, in Authorized Denominations, on any date on and after December 1, 20[\_\_\_], from (i) prepaid Base Rent paid pursuant to the Facilities Lease, or (ii) any other source of available funds, at a price of par plus accrued interest to the date of redemption.

Extraordinary Optional Redemption. The Bonds are subject to Extraordinary Optional Redemption as set forth in the Indenture.

Mandatory Sinking Fund Redemption. The Bonds maturing on [December 1, 20\_\_, 20\_\_ and 20\_\_] are Term Bonds (the “Term Bonds”) subject to mandatory sinking fund redemption (in such a manner as DTC or the Trustee, as applicable, shall determine) at a price of 100% of the principal amount of the Bonds to be redeemed plus accrued interest to the date of redemption on December 1 in the years and amounts as follows:

<b>20[__] Term Bonds</b>	
<b>Redemption Years</b>	<b>Redemption Amounts</b>

(Final Maturity)

<b>20[__] Term Bonds</b>	
<b>Redemption Years</b>	<b>Redemption Amounts</b>

(Final Maturity)

<b>20[__] Term Bonds</b>	
<b>Redemption Years</b>	<b>Redemption Amounts</b>

(Final Maturity)

The principal amount of any Term Bonds optionally redeemed shall be credited against the scheduled redemptions of such Bonds in the manner designated by an Authorized Officer of the County or the Issuer, as applicable.

**Exhibit B**  
**Certificate of County**  
**pursuant to Section 8.6(b)(3) of the Purchase Agreement**

The County of Los Angeles, California (the “County”), a political subdivision duly organized and existing under the laws of the State of California (the “State”) hereby certifies, represents, and warrants to Los Angeles County Facilities 2 Inc. (the “Issuer”) and Barclays Capital Inc., as representative (the “Representative”), acting on behalf of itself and [\_\_\_\_\_] (collectively, the “Underwriters”), with respect to the Issuer’s \$[\_\_\_\_\_] Lease Revenue Bonds, Series 2024 (Vermont Corridor Site 2) (the “Bonds”) that, as of the date hereof:

1. I am the duly appointed [\_\_\_\_\_] of the County authorized to provide this certification in connection with the sale and delivery of the Bonds.

2. The County has complied with all agreements and covenants to be undertaken by the County and satisfied all conditions applicable to the County contemplated by (i) the Bond Purchase Agreement, dated [\_\_\_\_\_] 2024 (“Purchase Agreement”), executed by the Representative, on behalf of itself and the other Underwriters and accepted and agreed to by the Issuer and the County; and (ii) the County Documents (as defined in the Purchase Agreement) on its part to be performed or satisfied at or prior to the date of the Closing.

3. Each of the representations and warranties of the County set forth in the Purchase Agreement is accurate and complete as of the date of Closing.

4. The information relating to and provided by the County in the Preliminary Official Statement as of its date and as of the date hereof and the Official Statement as of its date and the date hereof did not and do not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and no information has come to my attention that caused me to believe that the information relating to and provided by the County in the Preliminary Official Statement as of its date and as of the date hereof and the Official Statement as of its date and of the date hereof contained or contains any untrue statement of a material fact or omitted or omits to state a material fact required to be stated therein, or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

5. All terms not otherwise defined herein are given the meanings and definitions contained in the Purchase Agreement.

DATED this \_\_\_\_ day of \_\_\_\_\_, 2024.

COUNTY OF LOS ANGELES, CALIFORNIA

By: \_\_\_\_\_  
Authorized Officer

**Exhibit C-1**  
**Form of Hillis Clark Martin & Peterson P.S. Opinion**  
**Required Pursuant to Section 8.6(e)(1) of the Purchase Agreement**

*[To be reviewed/updated by Hillis Clark Martin & Peterson P.S.]*

[\_\_\_\_\_], 2024

Los Angeles County Facilities 2 Inc.  
Seattle, Washington

Barclays Capital Inc.  
Los Angeles, California

The County of Los Angeles  
Los Angeles, California

U.S. Bank Trust Company,  
National Association  
Los Angeles, California

Orrick, Herrington & Sutcliffe LLP  
Los Angeles, California

Re: *Los Angeles County Facilities 2 Inc. Lease Revenue Bonds, Series 2024 (Vermont Corridor Site 2)*

Ladies and Gentlemen:

We have acted as counsel to Los Angeles County Facilities 2 Inc., a California nonprofit public benefit corporation (the “Issuer”), in connection with certain matters related to the issuance of the bonds referenced above (the “Bonds”). This opinion is delivered to you pursuant to the provisions of Section 8.6(e)(1) of the Bond Purchase Agreement (the “Purchase Contract”) dated [\_\_\_\_\_], 2024 among Barclays Capital Inc., as representative (the “Representative”), acting on behalf of itself and [\_\_\_\_\_] (collectively, the “Underwriters”), the Issuer and the County of Los Angeles, California (the “County”). Capitalized terms not otherwise defined herein shall have the meanings set forth in the Purchase Contract.

The Bonds will be issued pursuant to an Indenture of Trust dated as of [\_\_\_\_\_], 2024 between the Issuer and U.S. Bank Trust Company, National Association, as Trustee. The proceeds of the Bonds will be used by the Issuer to finance the development and construction of [\_\_\_\_\_] for the County on property owned by the County in Los Angeles, California, as more particularly described in the Official Statement for the Bonds (the “Project”). The Project is being constructed pursuant to a Development Agreement (the “Development Agreement”) dated as of [\_\_\_\_\_], 2024, between the Issuer and TC LA Development, Inc., as Developer. The land on which the Project is located will be leased by the Issuer from the County pursuant to a Ground Lease Agreement between the County, as lessor, and the Issuer, as lessee, dated as of [\_\_\_\_\_], 2024, and the completed Project will be leased by the Issuer to the County pursuant to a Facilities Lease Agreement (the “Facilities Lease”) between the Issuer, as landlord, and the County, as tenant, dated as of [\_\_\_\_\_], 2024.



In our capacity as counsel to Issuer, we have examined originals or copies certified or otherwise identified to our satisfaction as being true copies of the documents listed in EXHIBIT A to this opinion (collectively, the “Transaction Documents”). Except for the documents listed in EXHIBIT A, we have not reviewed any other agreements or documents pertaining to the Bonds or the Purchase Contract, or the transactions contemplated thereby, for the purpose of this opinion letter. Except as expressly stated herein, nothing in this letter is to be construed as expressing any opinion whatsoever concerning any documents or agreements other than the Transaction Documents.

As to matters of fact bearing upon the opinions set forth below, we have relied upon the representations and other statements set forth in the Transaction Documents and representations and certificates made to us by officers of the Issuer. Certain of our opinions below are qualified by the phrase “to our actual knowledge.” The phrase “actual knowledge” means the current conscious awareness of attorneys in our firm who have given substantive legal attention to representation of the Issuer and does not include other information that might be revealed if there were to be undertaken a canvass of all lawyers in our offices or a general search of all documents and records in Issuer’s possession or control. For purposes of such opinions, we have made inquiries of, and have obtained representations from, certain officers of the Issuer with respect to the matters covered by such opinions, but we have conducted no other due diligence or investigation with respect thereto.

We have based our opinion in paragraph 2 below on [list litigation searches].

The opinions hereinafter expressed are subject to the following additional assumptions, exclusions and qualifications:

#### ASSUMPTIONS

1. We have assumed that all records, documents and instruments submitted to us as originals are authentic, all signatures appearing on the Transaction Documents are genuine and authorized, all natural persons have legal capacity, and all records, documents and instruments submitted to us as copies are authentic and in conformity with the original.

2. We have assumed that the Transaction Documents have been duly authorized, executed and delivered by all parties thereto (including the Issuer), and constitute the legal, valid and binding obligations of such parties (to the extent each is a party thereto), enforceable against each of them in accordance with their respective terms, and we express no opinion with respect to such matters.

3. We have assumed that the Bonds will be issued, and the proceeds thereof applied, as contemplated by the Official Statement and the other Transaction Documents.

4. We have assumed that there are no other documents, agreements, or understandings among the parties, written or oral, relating to this transaction, and there is no usage of trade or course of prior dealing among the parties, which are inconsistent with or would modify, supplement, or qualify the rights and obligations of the parties as set forth in the Transaction Documents.

## EXCLUSIONS AND QUALIFICATIONS

1. Our opinions herein are subject to the effect of applicable state or federal bankruptcy, insolvency, conservatorship, liquidation, receivership, reorganization, arrangement, fraudulent conveyance, preference, moratorium, forfeiture, seizure and other similar laws, now or hereafter in effect, affecting the rights of creditors generally, and of general principles of equity and the exercise of judicial discretion.

2. We express no opinion as to the title to any real or personal property, or with respect to the creation, attachment, priority or perfection of any lien or encumbrance relating to such property.

3. Except for the limited opinion set forth in Opinion No. 3 below, we express no opinion with respect to compliance with any state or federal securities law, rule or regulation, or with respect to any law, rule or regulation relating to municipal securities or any consent, approval, authorization or order thereunder that may be necessary to authorize the issuance, sale or delivery of the Bonds.

4. We express no opinion as to the effect or application of any state or federal tax law, rule or regulation.

5. We express no opinion with respect to compliance with the requirements of or the obtaining of any consent, approval, authorization or order required to be obtained under any state or federal law, regulation or ordinance in connection with the construction or operation of the Project, including without limitation any zoning, land use, environmental, building code, landlord-tenant, employment, insurance, or health and safety law, rule or regulation.

6. Nothing contained herein shall constitute an opinion on any exhibit to the Transaction Documents or any agreement referenced therein that will be executed at a future date, or with respect to the ability of Issuer as a matter of law to perform its obligations under the Transaction Documents due to future changes in applicable law or changes or modifications of the Transaction Documents.

## OPINIONS

Based upon the foregoing and our examination of such questions of law as we have deemed necessary or appropriate for the purposes of this opinion, we are of the opinion that:

1. To our actual knowledge, the execution, delivery and performance by the Issuer of its obligations under the Transaction Documents, and compliance by it with the provisions thereof, will not conflict with, constitute or result in any breach of any of the provisions of, or constitute a default under, any judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or instrument to which the Issuer is a party or by which the Issuer or any of its properties or assets is or may be bound, nor, to our actual knowledge, will any such execution, delivery, or performance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or other assets of the Issuer or under the terms of any judgment, decree, loan agreement, indenture,

bond, note, resolution, agreement or instrument to which the Issuer is a party, except as provided or permitted by the Transaction Documents.

2. To our actual knowledge, there is no litigation, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency or public board or body, pending or threatened against the Issuer: (a) which adversely affects the corporate existence of the Issuer or in any way questions the entitlement of its officers to their respective offices or the appointment of the present directors of the Board of Directors of the Issuer to their offices; (b) which seeks to prohibit, restrain or enjoin the sale, issuance or delivery of any of the Bonds; (c) which in any way contests the validity or enforceability of the Bonds or the Transaction Documents; (d) which in any way contests the powers of the Issuer, or the proceedings of the Issuer, to issue, sell and deliver the Bonds, adopt the Issuer Authorization or execute and deliver the Transaction Documents or in any way contests or challenges the consummation of the transactions contemplated by the Transaction Documents; (e) which contests the exclusion of the interest on the Bonds from gross income for federal income tax purposes; or (f) which contests the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto or asserts that the Preliminary Official Statement or the Official Statement contains any untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

3. The descriptions of the Facilities Lease and Development Agreement set forth under the headings “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” and “THE PROJECT” of the Preliminary Official Statement and the Official Statement are fair and accurate summaries of the provisions thereof.

Although we are not passing upon and assume no responsibility for the accuracy, completeness or fairness of the statements in the Preliminary Official Statement and the Official Statement, based upon our experience as counsel for the Issuer and on our review of and participation in conferences and discussions concerning the drafting of the Preliminary Official Statement and the Official Statement, and after due inquiry, we advise you that no information came to the attention of the attorneys in our firm rendering legal services in connection with the Preliminary Official Statement and the Official Statement that caused or cause us to believe that the information and statements regarding the Project, the Issuer, the Issuer Authorization, the Facilities Lease, the Development Agreement and the General Construction Contracts in (a) the Preliminary Official Statement, as of its date and as of the date of the Purchase Contract, or (b) the Official Statement, as of its date and as of the date hereof, contain or contained any untrue statement of a material fact or omitted or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

We express no opinion with respect to financial or statistical information, or with respect to statements or information that are forward-looking in nature (such as anticipated schedules or budgets) or that describe or relate to persons or entities other than the Issuer or documents other than the specific documents set forth in each of the opinions herein; for the avoidance of doubt, but not in limitation of the foregoing, we express no opinion with respect to any statements or

information regarding the County, the Developer, the Underwriters, the Trustee or the Depository Trust Company.

4. The forms of the Facilities Lease and Development Agreement set forth in “APPENDIX C” to the Preliminary Official Statement and the Official Statement are accurate and complete copies of the drafts of such agreements (excluding certain exhibits thereto) as of the dates thereof.

The foregoing opinions apply only insofar as the presently applicable laws of the State of Washington and federal law may be concerned, and we express no opinion with respect to the laws of any other jurisdiction. We disclaim any undertaking or obligation to advise you of changes in laws, interpretations of laws, or facts which may be brought to our attention after the date of this opinion or otherwise to update this opinion.

This opinion letter is provided to you as a legal opinion only, and not as a guaranty or warranty of the matters discussed herein. The opinions expressed in this letter are limited to the matters stated herein, and no opinion is implied or may be inferred beyond the matters expressly stated.

Hillis Clark Martin & Peterson P.S. consents to the references to it contained in the Official Statement.

This opinion is furnished to you pursuant to Section 8.6(e)(1) of the Purchase Contract and is solely for your benefit and may not be relied upon by any other person or entity. In addition, copies may not be delivered to any other person or entity without our prior written consent, except as required by law, and except that a copy of this opinion may be included in the transcript for this transaction.

Very truly yours,

HILLIS CLARK MARTIN & PETERSON P.S.

By \_\_\_\_\_

EXHIBIT A TO HILLIS CLARK MARTIN & PETERSON OPINION

1. CORPORATE DOCUMENTS

Articles of Incorporation of Issuer.

- Restated Bylaws of Issuer.
- Consent in Lieu of Organizational Meeting of the Board of Directors of Issuer dated [\_\_\_\_\_], 20[\_\_\_\_\_].
- Consent in Lieu of Annual Meeting of the Board of Directors of Issuer dated [\_\_\_\_\_], 2024.
- Consent in Lieu of Special Meeting of the Board of Directors of Issuer dated [\_\_\_\_\_], 2024.
- Other corporate documents and certificates of Issuer.

2. ISSUER DOCUMENTS

Purchase Contract.

Ground Lease Agreement, dated as of [\_\_\_\_\_], 2024, between the County, as lessor, and the Issuer, as lessee.

Facilities Lease Agreement, dated as of [\_\_\_\_\_], 2024, between the Issuer, as landlord, and the County, as tenant.

Development Agreement, dated as of [\_\_\_\_\_], 2024, between the Issuer and TC LA Development, Inc.

Indenture of Trust, dated as of [\_\_\_\_\_], 2024, between the Issuer and U.S. Bank Trust Company, National Association (“Trustee”).

Subordination, Nondisturbance and Attornment Agreement dated as of [\_\_\_\_\_], 2024, among the Issuer, the County and the Trustee.

Construction Leasehold Deed of Trust, Security Agreement, Assignment of Leases and Fixture Filing, dated as of [\_\_\_\_\_], 2024, from the Issuer, as trustor, to U.S. Bank Trust Company, National Association, as trustee, for the benefit of the Trustee, as beneficiary.

Assignment of Leases and Cash Collateral, dated as of [\_\_\_\_\_], 2024, from the Issuer to the Trustee.

Assignment of Construction Documents, dated as of [\_\_\_\_\_], 2024, from the Issuer to the Trustee.

Unsecured Environmental Indemnity Agreement, dated as of [\_\_\_\_\_], 2024, by the Issuer in favor of the Trustee.

Ground Lessor Consent, Estoppel, Recognition and Non-Disturbance Agreement, dated as of [\_\_\_\_\_], 2024, by the County and the Issuer in favor of the Trustee.

3. OTHER DOCUMENTS

Preliminary Official Statement dated [\_\_\_\_\_], 2024 (“Preliminary Official Statement”).

Final Official Statement dated [\_\_\_\_\_], 2024 (“Official Statement”).

Forms of Bonds

**Exhibit C-2**  
**Form of Glaser Weil Fink Howard Avchen & Shapiro LLP Opinion**  
**Required Pursuant to Section 8.6(e)(1) of the Purchase Agreement**

*[To be reviewed/updated by Glaser Weil Fink Howard Avchen & Shapiro LLP]*

[\_\_\_\_\_], 2024

Los Angeles County Facilities 2 Inc.  
c/o Public Facilities Group  
1700 Seventh Avenue  
Suite 2100, PMB 552  
Seattle, Washington 98101

Barclays Capital Inc.  
10250 Constellation Blvd,  
Suite 750  
Los Angeles, California 90067

County of Los Angeles  
Los Angeles, California

U.S. Bank Trust Company,  
National Association  
Los Angeles, California

**Re:   \$[\_\_\_\_\_] Los Angeles County Facilities 2 Inc. Lease Revenue Bonds, Series  
2024 (Vermont Corridor Site 2)**

Ladies and Gentlemen:

We have acted as special California counsel to Los Angeles County Facilities 2 Inc, a California non-profit public benefit corporation (the “Issuer”), in connection with the issuance and sale by the Issuer of \$[\_\_\_\_\_] principal amount of Lease Revenue Bonds, Series 2024 (Vermont Corridor Site 2) (the “Bonds”) on [\_\_\_\_\_] , 2024 pursuant to an Indenture of Trust dated as of [\_\_\_\_\_] , 2024 (the “Indenture”) between the Issuer and U.S. Bank Trust Company, National Association, in its capacity as trustee (the “Trustee”). This opinion is delivered to you pursuant to the provisions of Section 8.6(e)(1) of the Bond Purchase Contract dated [\_\_\_\_\_] , 2024 (the “Purchase Contract”) among Barclays Capital Inc., as representative (the “Representative”), acting on behalf of itself and [\_\_\_\_\_] (collectively, the “Underwriters”), the Issuer and the County of Los Angeles, California (the “County”). All capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to them in the Purchase Contract.

In connection with this opinion, we have examined copies of the following:

- a) The Purchase Contract;
- b) the Facilities Lease and the Memorandum thereof;
- c) the Development Agreement;

- d) the Indenture;
  - e) the Deed of Trust;
  - f) the Ground Lease and the Memorandum thereof;
  - g) the Assignment of Leases;
  - h) the Assignment of Construction Documents;
  - i) the SNDA;
  - j) the Environmental Indemnity Agreement;
  - k) the Recognition Agreement;
  - l) the UCC-1 financing statement naming the Issuer as debtor to be filed with the California Secretary of State (the “Financing Statement”);
  - a) the Blanket Issuer Letter of Representations between DTC and the Issuer; and
  - b) [Board Actions]
- (a) through (l) above collectively, the “Issuer Documents”),

With respect to factual matters, as to which we have conducted no independent investigation or inquiry, we are relying, with your concurrence, solely upon certificates of public officials, officers and/or agencies (collectively, “Public Authority Documents”) and a certificate of an officer of the Issuer. We have also examined such other agreements, instruments and other documents, and have made such examination of law, as we have deemed necessary or advisable for the purposes hereof.

We are admitted to practice law in the State of California, and we, therefore, have not examined statutes, judicial decisions, legal provisions or other authorities relating to the laws of jurisdictions other than the State of California and the United States of America (and with respect to California law, our review has been conducted without regard to conflicts of laws principles). Accordingly, we assume no responsibility as to the applicability or effect of the laws of any jurisdiction other than the laws of California and the United States, and we understand that you will be relying on this opinion solely as to matters of California and United States federal law.

For purposes of the opinions set forth herein, we have also assumed the following without investigation, with your concurrence:

- (a) the genuineness, authenticity and completeness of all documents submitted to us as originals and the accuracy, completeness and conformity to authentic originals of all documents submitted to us as copies;



(b) the due authorization, execution and delivery by the parties to the Issuer Documents, other than the Issuer, and the legality, binding effect and enforceability against each of the parties to the Issuer Documents, other than the Issuer, of the Issuer Documents;

(c) the compliance by the parties to the Issuer Documents, other than the Issuer, with any and all applicable laws, rules and regulations with which each of the parties to the Issuer Documents, other than the Issuer, is required to comply relating to or affecting the matters and actions contemplated by the Issuer Documents;

(d) all parties to the transactions contemplated in the Issuer Documents will act in accordance with, and will refrain from taking any action that is forbidden by, the terms and conditions of the Issuer Documents;

(e) the legal capacity of all natural persons;

(f) the truth, accuracy and completeness of all factual representations and warranties contained in the Issuer Documents;

(g) the continued accuracy and effectiveness of all Public Authority Documents dated earlier than the date hereof;

(h) the absence of fraud, duress or mutual mistake involved in connection with the transactions contemplated by the Issuer Documents;

(i) the absence of any agreement, arrangement, negotiation or understanding, other than the Issuer Documents and except as specifically contemplated thereby, between any of the parties to the Issuer Documents or any other person with respect to the Issuer Documents, or any of the matters dealt with therein, that may have an effect upon the opinions contained herein;

(j) the constitutionality or validity of all relevant statutes, rules, regulations or agency actions, unless a reported decision has specifically addressed but not resolved, or has established, its unconstitutionality or invalidity;

(k) payment by each of the parties to the Issuer Documents, other than the Issuer, of all California franchise and income taxes due and payable by it, if any, and due qualification and valid existence under the laws of its jurisdiction of organization and possession, in force at all relevant times, of all licenses, permits and qualifications, if any, necessary for it to obtain and enforce contractual rights in the State of California;

(l) the Deed of Trust contains an accurate description of the property covered thereby, such property is owned by Issuer, Issuer has rights in all other collateral in which it is granting security interests, and the Trustee and the Underwriters have given value for such security interests;

(m) Issuer has rights in all the Property (as defined in the Deed of Trust) in which it is granting security interests, and the Trustee and the Underwriters have given value for such security interests;

(n) the recording of the Deed of Trust in the official records of the county where the underlying real property is located and the filing of a UCC-1 financing statement in the Office of the California Secretary of State have been properly and timely performed;

(o) the recording of the Memorandums of Lease for the Ground Lease and the Facilities Lease in the official records of the county where the underlying real property is located;

(p) the description of the collateral in the Financing Statement correctly identifies the property to be encumbered by such Financing Statement; and

(q) the collateral described in the Financing Statement constitutes personal property within the scope of Article 9 of the Uniform Commercial Code of the State of California (the “UCC”).

As used in this opinion, the expression “to counsel’s knowledge” or “known to counsel” with reference to matters of fact refers to the current actual knowledge of attorneys within the firm principally responsible for handling current matters for Issuer. Except to the extent expressly set forth herein, we have not undertaken any independent investigation to determine the existence or absence of any facts, and no inference as to our knowledge of the existence or absence of any such facts should be drawn from our representation of Issuer or the rendering of the opinions set forth below.

Based upon the foregoing, and subject to the other assumptions, exceptions, limitations and qualifications stated herein, we are of the opinion that:

1. The Issuer is a nonprofit public benefit corporation duly and validly incorporated and is validly existing as a nonprofit public benefit corporation under the laws of the State of California.

2. The Issuer has full legal right, power and authority and is authorized by the terms of its articles of incorporation and bylaws and the California Nonprofit Public Benefit Corporation Law (i) to adopt the resolution of the Issuer dated [\_\_\_\_\_], 2024 approving the issuance of the Bonds and authorizing the Issuer to enter into the Ground Lease and the Facilities Lease (collectively the “Issuer Authorization”), and (ii) to execute and deliver the Issuer Documents, the Bonds, the Preliminary Official Statement relating to the Bonds dated [\_\_\_\_\_], 2024 (the “Preliminary Official Statement”) and the Official Statement relating to the Bonds dated [\_\_\_\_\_], 2024 (the “Official Statement”); and (iii) perform its respective obligations thereunder.

3. The Issuer has complied with the laws of the State of California applicable to the Issuer in connection with the execution and delivery by the Issuer of the Issuer Documents, the Bonds and the Official Statement.

4. The Issuer Documents, the Preliminary Official Statement, and the Official Statement, have been duly authorized, executed and delivered by the Issuer, and the Issuer Documents (except for the Indenture, concerning the validity and enforceability of which we express no opinion) constitute legal, valid and binding agreements of the Issuer, enforceable

against the Issuer in accordance with their respective terms, subject to customary qualifications and exceptions. The Bonds have been duly authorized by Issuer and, assuming that the signatures of the authorized officers of Issuer are properly affixed to the Bonds, have been duly executed and delivered by Issuer.

5. By corporate action of the Issuer taken concurrently with or prior thereto, the Issuer has duly authorized all necessary actions required by its articles of incorporation, its bylaws and the California Nonprofit Public Benefit Corporation Law to be taken by it for (a) the sale, issuance and delivery of the Bonds upon the terms set forth therein and in the Preliminary Official Statement and the Official Statement, and (b) the execution and delivery of the Issuer Documents and the due performance by the Issuer of its obligations contained in the Issuer Documents and any and all other agreements and instruments that may be required to be executed, delivered and received by the Issuer to carry out, give effect to and consummate the transactions contemplated by each of such documents and the Preliminary Official Statement and the Official Statement.

6. The execution, delivery and performance by the Issuer of its obligations under the Issuer Documents and compliance by the Issuer with the provisions thereof will not violate any provision of existing federal law or law of the State of California applicable to the Issuer, or any rule or regulation, judgment or order known to such counsel of any court or any public or governmental agency or authority having jurisdiction over the Issuer and, to such counsel's knowledge, will not (i) conflict with, or result in any breach of any of the provisions of, or constitute a default under, any agreement or instrument to which the Issuer is a party or by which the Issuer or any of its properties is or may be bound, or (ii) result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or other assets of the Issuer or under the terms of any such law, regulation or instrument, except as provided or permitted by the Issuer Documents, and all authorizations, approvals, licenses, permits, consents, filings, registrations and orders, of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required for the due authorization of, which would constitute a condition precedent to or the absence of which would materially adversely affect due performance by the Issuer of its obligations in connection with the Bonds, the Issuer Documents, the Official Statement and the Issuer Authorization have been duly obtained and are or will be in full force and effect on the date of Closing.

7. The provisions of the Indenture and Deed of Trust are effective to create in favor of the Trustee, as security for the respective obligations thereunder, a valid security interest in the collateral described therein in which a security interest may be created under Division 9 of the UCC (the "Article 9 Collateral"), for the benefit of the Trustee.

8. The Financing Statement is in appropriate form for filing with the California Secretary of State (the "Filing Officer") under the UCC. Upon the filing of the Financing Statement in the Filing Office, the security interest of the Trustee in the Article 9 Collateral will be perfected with respect to Article 9 Collateral in which the Issuer has rights, to the extent such security interest may be perfected by the filing of a financing statement, and except to the extent

otherwise provided in Chapter 3 of Division 9 of the UCC, including Sections 9301(2), 3(a)-(b), 4 and 9303-9306, 9309 and 9312-9314 thereof.

9. The Deed of Trust is in form satisfactory for filing and recording in the county recorder's office for the county where the real property collateral is located and is in proper form to give notice of the lien on such real property. Other than the effective filing of the Deed of Trust in the county recorder's office for the county where the real property collateral is located, no other documents or instruments need to be recorded, registered, or filed in any public office to perfect the lien on such real property or to perfect a security interest in that part of the collateral constituting goods which are or are to become fixtures and as to which a security interest may be perfected by the recording in the county recorder's office in the county where the real property is located of a fixture filing.

The opinions set forth above are subject to the following additional exceptions, qualifications and limitations:

(a) Notwithstanding anything to the contrary contained herein, our opinions set forth above are specifically subject to and limited by, and we express no opinion with respect to:

(i) The enforceability of the Issuer Documents as the same may be subject to or limited by bankruptcy, insolvency, fraudulent conveyance or transfer, reorganization, arrangement, moratorium, marshaling other laws, proceedings or court decisions generally affecting or relating to the enforcement of the rights or remedies of creditors;

(ii) The enforceability under certain circumstances of the Issuer Documents as the same may be subject to or limited by general principles of equity, including without limitation concepts of materiality, reasonableness, good faith and fair dealing, unconscionability regardless of whether considered in a proceeding in equity or at law, and the availability of equitable remedies;

(iii) The enforceability under certain circumstances of provisions indemnifying or exculpating a party against liability for its own wrongful or negligent acts or where such indemnification or exculpation is contrary to public policy or the enforceability of provisions, if any, providing for contribution in lieu of indemnification;

(iv) The enforceability under certain circumstances of provisions respecting various self-help or summary remedies, particularly if their operation would work a substantial forfeiture, impose a substantial penalty upon the burdened party or result in a breach of the peace;

(v) The enforceability under certain circumstances of provisions expressly or by implication waiving notice, rights, claims, set-offs, recoupment, abatement, defenses or remedies, where such waivers are against public policy or prohibited by law (including, without limitation, the waiver of any statute of limitations, except as permitted by California Code of Civil Procedure Section 360.5);

(vi) The enforceability under certain circumstances of provisions to the effect that (a) rights or remedies are not exclusive, (b) every right or remedy is cumulative and may be exercised in addition to or with any other right or remedy, (c) inconsistent remedies may be pursued, (d) election of a particular remedy or remedies does not preclude recourse to one or more other remedies, and (e) delay or failure to exercise rights or remedies will not operate as a waiver of any such rights or remedies;

(vii) The effect of California court decisions, invoking statutes or principles of equity, which have held that certain covenants and provisions of agreements are unenforceable where (a) the breach of such covenants or provisions imposes restrictions or burdens upon the debtor, including the acceleration of indebtedness due under debt instruments, and it cannot be demonstrated that the enforcement of such restrictions or burdens is reasonably necessary for the protection of the creditor, or (b) the creditor's enforcement of such covenants or provisions under the circumstances would violate the creditor's implied covenant of good faith and fair dealing;

(viii) The enforceability under certain circumstances of provisions imposing penalties, forfeitures, late payment charges, requirements to pay attorneys' fees or collection charges or an increase in interest rate upon delinquency in payment or the occurrence of a default including, without limitation, the effect of Section 2954.5 of the California Civil Code (requiring specified notice before the imposition of late charges) and limitations on the enforceability of provisions setting forth late charges in liquidated amounts (which are enforceable only if a court concludes that it is extremely difficult or impractical to fix actual damages for late payments and that such late charges represent a reasonable endeavor by the parties to estimate a fair compensation);

(ix) The effect of California law which provides that where a contract permits one party to the contract to recover attorneys' fees, the prevailing party in any action to enforce any provisions of the contract shall be entitled to recover its reasonable attorneys' fees;

(x) The effect of provisions purporting to affect third parties to which provisions such third parties have not agreed;

(xi) The effect of the compliance or noncompliance by Underwriters and the other parties to the Issuer Documents other than Issuer with any state or federal laws or regulations applicable to the transaction because of the nature of Underwriters' or such other party's business;

(xii) The validity or enforceability of any agreements or instruments (other than the Issuer Documents), notwithstanding the reference in this opinion or in the Issuer Documents to any other agreement or instrument whether or not incorporated by reference therein;

(xiii) We call your attention to Section 341(d) of the Garn-St. Germain Depository Institutions Act of 1982 (Pub. L. 97-320, 96 Stat. 1469, 12 U.S.C. Section 1701j-3), as amended (the "Act"), which specifically permits enforcement of a contract

provision which authorizes a lender, at its option, to declare due and payable sums secured by the lender's security instrument if all or any part of the property, or any interest therein, securing the real property loan is sold or transferred without the lender's prior written consent. We express no opinion as to the enforceability of such a remedy upon the occurrence of any event described in the Issuer Documents relating to the transfer of the property, or an interest therein, or the further encumbrance thereof, other than an event held to be a sale or transfer covered by Section 341(d) of the Act;

(xiv) The enforceability under certain circumstances of provisions imposing restrictions on further encumbrances. We call to your attention that enforcement of the restrictions on further encumbrances contained in the Issuer Documents may be limited by California judicial decisions which prohibit the enforcement of such restrictions contained in loan documents secured by real property, unless such real property security is impaired. We note that although the Act preempts California law and authorizes the enforcement of certain due-on-sale provisions, subject to specified exceptions, at this time it is unclear whether the Act is applicable to junior liens and encumbrances where title to the encumbered property is not transferred;

(xv) The enforceability of provisions imposing a prepayment premium in the event of the total or partial satisfaction of the unpaid principal on any indebtedness under the Issuer Documents following the acceleration of the maturity date of the Bonds by reason of a default thereunder by Issuer;

(xvi) The enforceability of provisions to the effect that if the fulfillment of any other provision or term would violate any applicable usury law, then the obligations thereunder shall be reduced so as to be within the applicable legal interest rate. Although there are no reported California appellate or Supreme Court decisions regarding the enforceability of such limiting language, we note that courts in other jurisdictions have held loans to be usurious regardless of the inclusion of any such provisions. However, see In re Dominguez (9th Cir. 1993) 995 F.2d 883, wherein the court in effect upheld the usury savings clause under the facts in that case;

(xvii) The enforceability of provisions (a) which grant the County of Los Angeles, the Trustee, the Underwriters or their agents the right to enter upon and take possession of the encumbered property and undertake any acts which it deems necessary or desirable to preserve such property without a court order awarding such right to such party or (b) which permit the appointment of a receiver without the necessity of proving either the inadequacy of the security or the insolvency of the Issuer or which in any manner impair the court's discretion in making any such appointment or which are contrary to Chapter 5 of the California Code of Civil Procedure or similar laws, included Section 564 that describes and limit the types of litigation in which receivers may be appointed and limit the rights of a beneficiary to the appointment of a receiver, Section 566 that limits the persons eligible for appointment as a receiver and Section 568 that limits the powers of a receiver;

(xviii) Sections 726 and 580a of the California Code of Civil Procedure, which operate to limit the amount of a deficiency judgment on an obligation secured by a deed of

trust or mortgage on real property to the lesser of (a) the difference between the debt and the fair value of the security and (b) the difference between the debt and the sale price of the security;

(xix) The effect of Section 580b of the California Code of Civil Procedure which, among other things, prohibits a deficiency judgment on an obligation secured by both a chattel mortgage and a deed of trust if no deficiency judgment would lie under the deed of trust on real property;

(xx) The effect of Section 580d of the California code of Civil Procedure which provides that no deficiency judgment shall be rendered upon a note secured by a deed of trust or mortgage on real property after the sale of that property through the exercise of the power of sale contained in such deed of trust or mortgage;

(xxi) The effect of Section 726 of the California Code of Civil Procedure which provides, inter alia, that any lawsuit or action to recover any debt, or to enforce any right, secured by a deed of trust or mortgage on real property, whether or not such debt or right is also secured by a lien on personal property, must be in accordance with the provisions of the California Code of Civil Procedure relating to the sale of the encumbered property, the application of proceeds thereof, the rendition in certain cases of a deficiency judgment, limitations upon the recovery of attorneys' fees and other related matters; and we wish to emphasize that failure to comply with the "one form of action" rule embodied in the California Code of Civil Procedure can have serious adverse consequences. See, *e.g.*, Great American First Savings Bank v. Bayside Developers, 232 Cal. App. 3d 1546 (1991);

(xxii) In light of Dover Mobile Estates v. Fiber Form Products, Inc., 220 Cal. Rptr. 183 (1990), the enforceability of any provisions in the Issuer Documents that provide the purchaser at a foreclosure sale with the option to affirm or reject leases that are subordinate to the liens created or to be created pursuant thereto (however, *c.f.* Miscione v. Barton Development Issuer, 97 Daily Journal D.A.R. 1897);

(xxiii) The requirement that a foreclosure under any deed of trust must be conducted in compliance with the procedure requirements of California law relating to the exercise by a real estate secured lender of rights under a power of sale. See, *e.g.*, California Civil Code Section 2924 et seq. In particular, Section 2924c of the California Civil Code provides that whenever the maturity of an obligation secured by a deed of trust or mortgage on real property is accelerated by reason of default in the payment of interest or in the payment of any installment of principal or other sums secured thereby, the trustor and certain other entitled persons have the right, to be exercised during the times specified in Section 2924c, to cure such default by paying the entire amount then due (including certain reasonable costs and expenses incurred in enforcing such obligation but excluding any amount which would not otherwise be due but for such acceleration) and thereby reinstate such deed of trust or mortgage and the obligation secured thereby to the same effect as if no acceleration had occurred;

(xxiv) The requirement that a foreclosure upon property securing a loan consisting of real property and personal property be conducted in compliance with the

procedural requirements of the California Commercial Code Section 9501 et seq.;

(xxv) The effect of Section 2938 of the California Civil Code with respect to the assignment of rents, issues and profits of real property, including the appointment of a receiver;

(xxvi) The effect of Section 2924c of the California Civil Code which provides that whenever the maturity of an obligation secured by a deed of trust or mortgage on real property is accelerated by reason of default in the payment of interest or in the payment of any installment of principal or other sums secured thereby, the trustor and certain other entitled persons have the right, to be exercised during the times specified in Section 2924c, to cure such default by paying the entire amount then due (including certain reasonable costs and expenses incurred in enforcing such obligation but excluding any amount which would not otherwise be due but for such acceleration) and thereby reinstate such deed of trust or mortgage and the obligation secured thereby to the same effect as if no acceleration had occurred;

(xxvii) The effect of Section 2954.1 of the California Civil Code which imposes certain restrictions on the amount of impounds and of Section 2955 of the California Civil Code which imposes certain restrictions on the location and investment of impounds;

(xxviii) The effect of Section 2955.5 of the California Civil Code which prohibits a lender from requiring a borrower, as a condition of receiving or maintaining a loan secured by real property, to provide hazard insurance coverage against risks to the improvements (as defined in Section 2955.5 of the California Civil Code) on that real property in an amount exceeding the replacement value of the improvements on the property and which further requires the lender to “. . . disclose to a borrower in writing . . . [such prohibition] . . . as soon as practicable, but before execution of any note or security documents.”;

(xxix) The enforceability of security interests granted with respect to after-acquired property (including fixtures) which security interests do not attach and are not enforceable unless and until the party granting the security interest has acquired rights in such property;

(xxx) The enforceability of provisions which vary or purport to waive any of the rights or duties set forth in Sections 9502, 9504, 9505, 9506 and 9507(c) of the UCC, except to the extent any such variances or waivers are expressly authorized by Sections 9504(2), 9505, 9506, and 9507(c)(1) of the UCC, and the further limitation that to the extent any standards provided in the Issuer Documents by which fulfillment of the rights and duties provided under the foregoing provisions are measured are manifestly unreasonable, such standards will be unenforceable;

(xxxi) Whether the Issuer Documents or any other document or instrument creates a legal, valid and binding security interest, enforceable in accordance with its terms, with respect to any personal property included in the encumbered property in which a security interest may not be taken under, or perfected by filing pursuant to, the UCC;



(xxxii) We call your attention to the fact that in order to create and perfect a lien upon personal property constituting fixtures, among other requirements, a financing statement must be filed in the state office where debtor is located (as provided in UCC Sections 9301 and 9307) and recorded in the official records of the county where the underlying real property is located, and that a perfected security interest in collateral (including fixtures) or proceeds can become unperfected in certain circumstances, including without limitation, in the event certain property that becomes collateral after the date hereof, (UCC Sections 9507(c), 9508(b)), changes in governing law (UCC Section 9316), by the failure to timely and properly file a continuation statement under UCC Section 9515 within six months of the five year anniversary of the original filing, or by the failure to timely and properly comply with the applicable provisions of UCC Section 9315 regarding perfection as to proceeds;

(xxxiii) We call your attention to the fact that amendments or supplements to a financing statement and/or additional financing statements may be required to be filed in the event of a change of name, identity or corporate structure of Issuer or if Issuer changes the jurisdiction of its place of business (or, if Issuer has more than one place of business, its chief executive office) or the jurisdiction in which the collateral is located;

(xxxiv) In the case of property which becomes collateral after the date hereof, the effect of Section 552 of the Federal Bankruptcy Code, which limits the extent to which property acquired by a debtor after the commencement of a case under the Federal Bankruptcy Code may be subject to a security interest arising from a security agreement entered into by the debtor before commencement of the case;

(xxxv) The enforceability of the security interests in proceeds (as such term is defined in the UCC) created under the provisions of the UCC to the extent such proceeds are not within, or are excluded from, the scope of Division 8 or 9 of the UCC;

(xxxvi) The effect of Section 1265.225 of the California Code of Civil Procedure, which codifies the California case law principle that a lienholder is entitled to share in a condemnation award only to the extent of the impairment of its security, notwithstanding any agreement to the contrary entered into at the time of the creation of the indebtedness on which the lien is based. See, e.g., Milstein v. Security Pac. Nat'l Bank, 27 Cal.App. 3d 482 (1972); Sacramento & San Joaquin Drainage Dist. v. Truslow, 125 Cal.App.2d 478 (1954); and the effect of the decision in Schoolcraft v. Ross, 81 Cal.App.3d 75 (1978), which holds, in part, that “. . . the right of a beneficiary to apply insurance proceeds to the balance of a note secured by a deed of trust must be performed in good faith and with fair dealing and that to the extent the security is not impaired the beneficiary must permit those proceeds to be used for the cost of rebuilding.” Schoolcraft v. Ross, 81 Cal.App.3d 75, 77 (1978);

(xxxvii) Limitations on the enforceability of provisions purporting to limit the power of alienation of real property (see, e.g., Section 711 of the California Civil Code, which provides that certain restraints on alienation are void);

(xxxviii) The effect of the procedural requirements of California law relating to the enforcement of obligations secured by liens on real property, fixtures and personal property;

(xxxix) We understand that you are relying on an examination by a title insurance company of title to, and Issuer's rights in, the real property and fixtures to be included in the encumbered property and that you are relying on your own examination of title to, and Issuer's rights in, the personal property to be included in the encumbered property and the condition of such title, and we express no opinion as to such title and the condition thereof or as to such rights;

(xl) Enforcement of the parties rights under the Issuer Documents may be conditioned upon the conduct of the parties to the Issuer Documents conforming, at all times, with any applicable implied covenant of good faith and fair dealing between such parties and the Issuer, notwithstanding any language in the Issuer Documents reserving to such party, either specifically or in effect, the right to take certain specified actions in its sole or absolute discretion;

(xli) The enforceability of any indemnification obligations contained in the Issuer Documents relating to environmental matters, and the recovery thereunder, may be subject to and limited by the effect of California Code of Civil Procedure Sections 564(c), 726.5 and 736, as well as California Code of Civil Procedure Sections 580(a), 580(d) and 726 to the extent provided in California Code of Civil Procedure Section 726.5(c) and California Code of Civil Procedure Sections 580(a), 580(b), 580(d) and 726 to the extent any party seeks any recovery not specifically exempt therefrom under the provisions of Section 736 of the California Code of Civil Procedure;

(xlii) The effect of general California choice-of-law principles, which, under certain circumstances, may require the application of foreign law if the agreement violates a public policy of another jurisdiction related to the transaction or another jurisdiction has a stronger governmental interest in having its own laws applied;

(xliii) The enforceability of contract provisions which purport to waive the rights of the parties to a jury trial. *See Grafton Partners v. Superior Court*, 36 Cal.4<sup>th</sup> 944 (2005);

(xliv) Such opinions are subject to the effect on the Issuer Documents of a failure of the parties thereto other than Issuer to comply with California statutory and other legal requirements in the enforcement of the Issuer Documents;

(xlv) We express no opinion as to the priority of any security interest in any property, and we have not made or undertaken to make any investigation of the state of title of the property discussed in the Issuer Documents and we express no opinion with respect to the title thereto; and

(xlvi) We express no opinion regarding the validity or enforcement of any provisions which purport to appoint one party as attorney-in-fact for another party.

(b) Certain remedial provisions of the Issuer Documents we are opining on may be unenforceable in whole or in part, but the inclusion of such provisions does not affect the validity of the balance of the Issuer Documents, subject to the other qualifications set forth in this opinion, and the practical realization of the benefits created by the Issuer Documents taken as a whole will not be materially impaired by the unenforceability of those particular provisions. In addition, certain remedial provisions of the Issuer Documents may be subject to procedural requirements not set forth therein.

(c) Notwithstanding anything to the contrary contained herein, we express no opinion with respect to:

- (i) the anti-trust and unfair competition laws of the United States or any state;
- (ii) federal and state laws, regulations and policies concerning national and local emergency, employee benefits, labor and employment, health and safety, land use and subdivision, tax laws of the United States or any state, Federal Reserve Board margin regulations;
- (iii) federal and state environmental laws and regulations;
- (iv) federal patent, copyright and trademark, state trademark, and other Federal and state intellectual property laws and regulations;
- (v) federal securities laws and regulations administered by the Securities and Exchange Commission, state “Blue Sky” laws and regulations, and laws and regulations relating to commodity (and other) futures and indices and other similar instruments unless otherwise expressly stated in the opinion;
- (vi) federal and state racketeering laws and regulations (e.g., RICO);
- (vii) other federal and state statutes of general application to the extent they provide for criminal prosecution (e.g., mail fraud and wire fraud statutes);
- (viii) the statutes and ordinances, the administrative decisions, and the rules and regulations of counties, towns, municipalities and special political subdivisions;
- (ix) the effect of the compliance or non-compliance by the Issuer or any of the properties to be included in the encumbered property with any laws, statutes, ordinances, rules or regulations relating to building and safety, zoning, land use, subdivision, environmental protection, hazardous substances, health, occupation, safety, and/or other similar laws, statutes, ordinances, rules or regulations;
- (x) any provision in the Issuer Documents: (1) purporting to confer jurisdiction upon any court to hear or resolve any suit, action or proceeding seeking to enforce any provision of or based upon any matter arising out of or in connection with the Issuer Documents, or (2) that relates to setoff.

The opinions contained herein are limited to the matters expressly stated herein, and no opinion may be implied or inferred beyond those expressly stated.

The foregoing opinions are rendered as of the date hereof, and we make no undertaking and expressly disclaim any duty to supplement or update any such opinion, if, after the date hereof, facts or circumstances come to our attention or changes in the law occur that could affect such opinion.

This opinion is furnished to you solely for your benefit in connection with the consummation of the transactions contemplated by the Indenture and the Issuer Documents and may not be relied upon by any other person or entity, other than your successors and permitted assigns, or for any other purpose without express, prior written consent. This opinion may not be used, circulated, quoted or otherwise referred to for any other purpose without prior express written consent, or used in any other transaction.

Respectfully,

GLASER WEIL FINK HOWARD AVCHEN &  
SHAPIRO LLP

**Exhibit D-1**  
**Form of County Counsel Opinion**  
**Required Pursuant to Section 8.6(e)(2)**

*[To be reviewed/updated by County Counsel]*

Barclays Capital Inc., as Representative  
Los Angeles, California

This opinion is rendered pursuant to Section 8.6(e)(2) of the Bond Purchase Agreement, dated [\_\_\_\_\_], 2024 (“Purchase Agreement”), executed by Barclays Capital Inc., as representative (the “Representative”), acting on behalf of itself and [\_\_\_\_\_] (collectively, the “Underwriters”), and accepted and agreed to by Los Angeles County Facilities 2 Inc. (the “Issuer”), a California nonprofit public benefit corporation, and the County of Los Angeles (the “County”), a political subdivision of the State of California, relating to the issuance and sale by the Issuer of its \$[\_\_\_\_\_] Lease Revenue Bonds, Series 2024 (Vermont Corridor Site 2) (the “Bonds”). Capitalized terms used but not defined herein shall have the meaning ascribed to them in the Purchase Agreement.

As counsel to the County, this office has examined the record of proceedings and such other documents, records and matters of law as we deemed necessary for the purpose of this opinion hereinafter expressed. As to questions of fact material to such opinions, we have, when relevant facts were not independently established by us, relied upon certificates of the County or its officers or of public officials.

Based upon the foregoing and upon such investigation as we have deemed necessary, we are of the opinion that:

1. The County is a political subdivision of the State of California duly organized and validly existing under the Constitution and the laws of the State of California. The County has the legal right and authority under the Constitution and laws of the State to execute the County Documents.
2. The County Authorization was duly adopted at a meeting of the Board of Supervisors of the County, as the governing board of the County, which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting at the time of adoption.

3. The County Documents to which the County is a party have been duly authorized, executed and delivered by the County, and, assuming due authorization, execution and delivery by the other respective parties thereto, constitute legal, valid and binding obligations of the County, enforceable against the County in accordance with their respective terms.

4. To the best of County Counsel's knowledge, the County is not in breach of or default under any applicable law or administrative regulation of the State or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the County is a party or is otherwise subject, which breach or default would materially adversely affect the County's ability to enter into or perform its obligations under the County Documents to be executed by it, and, to the best of County Counsel's knowledge, no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute such a breach or default; and the execution and delivery of the County Documents by the County and compliance with the provisions on the County's part contained herein and therein, will not in any material respect conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument known to County Counsel after reasonable inquiry to which the County is a party or to which the County or the Property or its assets is otherwise subject, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets of the County under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided in the County Documents executed by the County.

5. To the best of County Counsel's knowledge, and except as disclosed in the Preliminary Official Statement and Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending in which service of process has been completed against the County or threatened against the County in any material respect affecting the corporate existence of the County or the titles of its officers to their respective offices or affecting or seeking to prohibit, restrain or enjoin the adoption of the County Authorization or the payment of Rent as required under the Facilities Lease or in any way contesting or affecting the validity or enforceability of the County Documents, or contesting the tax-exempt status of payment and interest as would be received by the Owners of the Bonds, or contesting the completeness or accuracy of the Official Statement or any supplement or amendment thereto, or contesting the powers of the County or any authorization in connection with the adoption of the County Authorization, or the execution and delivery by the County of the County Documents to which the County is party wherein an

unfavorable decision, ruling or finding which would materially adversely affect the validity or enforceability of the County Documents or the performance by the County of its obligations thereunder.

6. The preparation and distribution of the Official Statement has been duly authorized by the Board of Supervisors of the County.

Respectfully submitted,

Office of County Counsel, County of Los Angeles, California

**Exhibit D-2**  
**Form of Opinion of Loeb & Loeb, LLP**  
**Required Pursuant to Section 8.6(e)(2)**

*[To be reviewed/updated by Loeb & Loeb, LLP]*

Barclays Capital, Underwriters' Representative  
10250 Constellation Blvd, Suite 750  
Los Angeles, California 90067

To Whom it May Concern:

The descriptions of the Development Agreement, Facilities Lease and Ground Lease set forth under the headings "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" and "THE PROJECT" of the Preliminary Official Statement and the Official Statement provide fair and accurate summaries of the material provisions of such agreements.

The forms of the Development Agreement, Facilities Lease and Ground Lease set forth in "APPENDIX C" to the Preliminary Official Statement and the Official Statement are accurate and complete copies of the drafts of such agreements (excluding certain exhibits thereto) as of the dates thereof.

Notwithstanding the foregoing or anything else in this letter, Loeb & Loeb LLP ("**Loeb**") neither passes judgment on nor assumes responsibility or liability for the accuracy, completeness, thoroughness, or fairness of the statements in the Preliminary Official Statement and the Official Statement. However, based on Loeb's experience as counsel for the County and on our consideration of, and participation in, conferences and discussions concerning the drafting of the Preliminary Official Statement and the Official Statement, we advise you that no information came to the attention of the Loeb attorneys rendering legal services in connection with this matter that caused us to believe that the Preliminary Official Statement, as of its date and as of the date of the Purchase Contract, or the Official Statement, as of its date and as of the date hereof, (a) contained or contains any untrue statement of a material fact or (b) omitted or omits to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that we express no opinion with respect to (x) financial or statistical information, (y) statements or information that are (i) forward-looking in nature (such as anticipated schedules or budgets) or (ii) that describe or relate to (1) persons or entities other than the County, (2) documents other than those specific documents set forth above or (3) the Underwriter, the Trustee or the Depository Trust Company.

This opinion is furnished to you solely for your benefit and no other person is entitled to rely hereon. This opinion is not to be used, circulated, quoted or otherwise referred to for any other



purpose. This opinion is based on law and facts in existence on the date hereof and Loeb assumes no obligation to advise you of changes that may hereafter be brought to our attention.

Sincerely,  
Paul Rohrer  
Partner  
Loeb & Loeb LLP

**Exhibit E**  
**Opinions of Developer’s Counsel**  
**pursuant to Section 8.6(e)(4)**

The opinion letter will contain reasonable and customary qualifications and exclusions commonly contained in opinion letters.

1. Based solely on the Delaware Certificate of Good Standing for Developer, the Developer is duly organized and existing under the laws of the state of Delaware.

2. Based solely on the California Certificate of Good Standing, Developer is qualified to transact business and is in good standing in the State of California.

3. Developer has full power and authority to enter into the Development Agreement dated as of [\_\_\_\_\_], 2024 between Developer and Issuer (the “Development Agreement”) and to carry out its obligations thereunder.

4. The Development Agreement has been duly authorized, executed and delivered by the Developer and constitutes a legal, valid and binding agreement of the Developer enforceable in accordance with its terms, except as the enforcement thereof may be affected by valid bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors’ rights or principles of equity.

5. Based solely on the Representation Letter attached hereto, there is no litigation, action, or suit, at law or in equity, before or by any court, pending or threatened against the Developer in which any judgment or order would have a material adverse effect upon the business (financial or otherwise) or assets thereof or affect its existence or authority to do business, the validity of the Development Agreement or the performance by the Developer of its obligations thereunder.

6. Based solely on the Representation Letter attached hereto, the execution, delivery and performance by the Developer of its obligations under the Development Agreement and compliance by the Developer with the provisions thereof (i) will not violate any provision of the Developer’s organizational documents, existing federal law or law of the State of California, or any rule or regulation of any court or any public or governmental agency applicable to the Developer or the Project, (ii) will not violate any judgment or order of any court applicable to the Developer or the Project and (iii) will not conflict with, or result in any breach of any of the provisions of, or constitute a default under any material agreement or instrument to which the Developer is a party or by which the Developer or any of its properties is or may be bound, it

being understood, however, that such counsel shall not be required to express any opinion concerning (a) compliance by any other party to the Development Agreement with applicable federal law or law of the State of California or any rule, regulation, judgment or order of any court or any public or governmental agency or authority applicable to such other party, as necessary to permit any such other party to enter into or perform its obligations under the Development Agreement; or (b) the ability of the Developer to perform its obligations under the Development Agreement due to future changes in applicable law, changes or modifications from the current organization of the Developer.

7. We have not conducted any independent investigation with regard to the information set forth in the Preliminary Official Statement, dated [\_\_\_\_\_], 2024 (the “Preliminary Official Statement”) and the Official Statement, dated [\_\_\_\_\_], 2024 (the “Official Statement”). Although we are not passing upon and do not assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Preliminary Official Statement or the Official Statement, we advise you that, in the course of our representation of Developer and based to a large extent upon representations made to us by representatives of Developer, no facts have come to our attention that led us to believe that the information contained in the Preliminary Official Statement as of its date and as of the date hereof and the Official Statement as of its date and the date of the Closing under the headings “INTRODUCTION – The Project,” “THE PROJECT – General,” “THE PROJECT – Construction of the Project” (excluding the information under subheadings “General Construction Contracts” and “Project Construction and Management under the Facilities Lease”), “THE PROJECT – The Developer,” “THE PROJECT – Design, Permits and Approvals,” and “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Developer’s Limited Obligation for Carrying Costs” (except as to the financial and statistical data included therein, as to which we do not express any opinion or belief) contains or contained any untrue statement of a material fact or omits or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

**Exhibit F**  
**Form of Supplemental Opinion of Bond Counsel**  
**Required Pursuant to Section 8.6(e)(3)**

*[To be reviewed/updated by Bond Counsel]*

[\_\_\_\_\_], 2024

Barclays Capital Inc., as Representative  
Los Angeles, California

Los Angeles County Facilities 2 Inc.  
Lease Revenue Bonds, Series 2024  
(Vermont Corridor Site 2)  
(Supplemental Opinion)

Ladies and Gentlemen:

This letter is addressed to you, as Representative, pursuant to Section 8.6(e)(3) of the Bond Purchase Agreement, dated [\_\_\_\_\_], 2024 (the “Purchase Agreement”), executed by you, as Representative, on behalf of yourself and [\_\_\_\_\_] (the “Underwriters”) and accepted and agreed to by Los Angeles County Facilities 2 Inc. (the “Issuer”) and the County of Los Angeles (the “County”), providing for the purchase of \$[\_\_\_\_\_] aggregate principal amount of Los Angeles County Facilities 2 Inc. Lease Revenue Bonds, Series 2024 (Vermont Corridor Site 2) (the “Bonds”). The Bonds are being issued pursuant to the Indenture of Trust, dated as of [\_\_\_\_\_], 2024 (the “Indenture”), between the Issuer and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture or, if not defined in the Indenture, in the Purchase Agreement.

We have delivered our final legal opinion (the “Bond Opinion”) as bond counsel to the Issuer concerning the validity of the Bonds and certain other matters, dated the date hereof and addressed to the Issuer. You may rely on the Bond Opinion as though the same were addressed to you.

In connection with our role as bond counsel to the Issuer, we have reviewed the Purchase Agreement, the Indenture, certain portions of the Official Statement, dated [\_\_\_\_\_], 2024, relating to the Bonds (the “Official Statement”), opinions of counsel to the Issuer, the County and the Trustee, certificates of the Issuer, the County, the Trustee and others, and such other documents, opinions and matters to the extent we deemed necessary to provide the opinions or conclusions set forth herein.

The opinions and conclusions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions or conclusions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Issuer. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the third paragraph hereof. We have further assumed compliance with all covenants and agreements contained in such documents. In addition, we call attention to the fact that the rights and obligations under the Bonds and the Indenture, and their enforceability, may be subject to bankruptcy, insolvency, reorganization, receivership, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against non-profit public benefit corporations in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the real or personal property described in or as subject to the lien of the Indenture or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such property. Finally, we undertake no responsibility for the accuracy, except as expressly set forth in numbered paragraph 2 below, completeness or fairness of the Official Statement or other offering material relating to the Bonds.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions or conclusions:

1. The Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Indenture is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

2. The statements contained in the Official Statement under the captions "THE BONDS," "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" and "TAX MATTERS," excluding any material that may be treated as included under as included under such captions by cross-reference or reference to other documents or sources, insofar as such statements expressly summarize certain provisions of the Indenture and the form and content of the Bond Opinion, are accurate in all material respects.

This letter is furnished by us as bond counsel to the Issuer. No attorney-client relationship has existed or exists between our firm and the Underwriters in connection with the

Bonds or by virtue of this letter. We disclaim any obligation to update this letter. This letter is delivered to you as Representative of the Bonds, is solely for your benefit as such Representative in connection with the original issuance of the Bonds on the date hereof, and is not to be used, circulated, quoted or otherwise referred to or relied upon for any other purpose or by any other person. This letter is not intended to, and may not, be relied upon by owners of the Bonds or by any other party to whom it is not specifically addressed.

Very truly yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

**Exhibit G**  
**Form of Opinion of Disclosure Counsel**  
**Required Pursuant to Section 8.6(e)(6)**

*[To be reviewed/updated by Disclosure Counsel]*

[\_\_\_\_\_], 2024

Los Angeles County Facilities 2 Inc.  
Seattle, Washington

County of Los Angeles  
Los Angeles, California

Ladies and Gentlemen:

We have acted as Disclosure Counsel to Los Angeles County Facilities 2 Inc. (the “Corporation”) and the County of Los Angeles, California (the “County”) in connection with the Preliminary Official Statement dated [\_\_\_\_\_], 2024 (the “Preliminary Official Statement”) and its Official Statement dated [\_\_\_\_\_], 2024 (the “Official Statement”), each relating to the \$[\_\_\_\_\_] aggregate principal amount of Los Angeles County Facilities 2 Inc. Lease Revenue Bonds, Series 2024 (Vermont Corridor Site 2) (the “Bonds”) issued on the date hereof by the Corporation. The Bonds are being issued on behalf of the County pursuant to an Indenture of Trust dated as of [\_\_\_\_\_], 2024 by and between the Issuer and U.S. Bank Trust Company, National Association, as trustee. Capitalized terms used in this letter and not otherwise defined herein shall have the meanings provided by the Official Statement.

The Preliminary Official Statement and the Official Statement are the Corporation’s and the County’s documents and as such the Corporation and the County are responsible for their content. The purpose of our engagement was not to independently establish, confirm, or verify the factual matters set forth in the Preliminary Official Statement and the Official Statement and we have not done so. Moreover, many of the determinations required to be made in the preparation of the Preliminary Official Statement and the Official Statement involve wholly or partially matters of a non-legal character. We do not, therefore, take any responsibility for the factual matters set forth in the Preliminary Official Statement and the Official Statement and we undertake herein only to express certain limited negative assurances regarding the same.

The purpose of our engagement by you was to provide certain limited negative assurances to Barclays Capital Inc. and [\_\_\_\_\_] (collectively, the “Underwriters”), as underwriters for the Bonds. In separately requesting and accepting this letter, the Corporation and the County acknowledge that (i) the scope of those activities performed by us were

inherently limited and do not encompass all activities that the Corporation as the issuer of the Bonds may be responsible to undertake in preparing the Preliminary Official Statement and the Official Statement, (ii) those activities performed by us relied substantially on representations, warranties, certifications and opinions made by representatives of the Corporation and the County and others, and are otherwise subject to the matters set forth in this letter, and (iii) while such statements of negative assurance are customarily given to underwriters of municipal securities to assist them in discharging their responsibilities under the federal securities laws, the responsibilities of the Corporation and the County under those laws may differ from those of Underwriters in material respects, and this letter may not serve the same purpose or provide the same utility to you as it would to the Underwriters.

In giving the limited assurances hereinafter expressed, we are not expressing any opinion or view on, but have ourselves assumed and relied upon, the validity, accuracy and sufficiency of the records, documents, certificates and opinions executed and delivered in connection with the issuance of the Bonds. Without limiting the foregoing statement, we have relied, without independently opining upon the legal conclusions expressed and without independently verifying the factual matters represented, on the legal opinions that we have reviewed. Also, we have relied upon a report prepared by a third party provider regarding the County's compliance with its continuing disclosure undertakings.

This letter does not address (i) CUSIP numbers, (ii) any financial statements contained or incorporated by reference in the Preliminary Official Statement and the Official Statement, (iii) any financial, demographic, statistical or economic data, estimates, projections, numbers, assumptions, charts, graphs, tables, or expressions of opinion contained in the Preliminary Official Statement and the Official Statement, (iv) the section entitled "Tax Matters", and (v) information relating to the book-entry-only system, including information in Appendix F – "Book-Entry Only System."

In our capacity as Disclosure Counsel, we participated in meetings and conference calls with representatives of the Corporation and the County, Orrick, Herrington & Sutcliffe LLP, as Bond Counsel, the Underwriters, Katten Muchin Rosenman LLP, as Underwriters' Counsel, Montague DeRose and Associates, LLC, as Municipal Advisor to the County, and other parties, during which the contents of the Preliminary Official Statement and the Official Statement were discussed and reviewed. Based upon such participation, and information disclosed to us in the course of our representation as Disclosure Counsel, considered in light of our understanding of the applicable law and the experience we have gained through our practice of law, and subject to all of the foregoing in this letter including the qualifications respecting the scope and nature of our engagement, we advise you, as a matter of fact but not opinion, that, during the course of our engagement as Disclosure Counsel with respect to the Preliminary Official Statement and the Official Statement, no facts came to the attention of the attorneys of our firm rendering legal services in connection with this matter that caused them to believe that the Preliminary Official Statement, as of the date of the Preliminary Official Statement, or the Official Statement, as of the date of the Official Statement and as of the date hereof, contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary in order to



make the statements therein, in the light of the circumstances under which they were made, not misleading.

We assume no obligation to update, revise or supplement this letter to reflect any action hereafter taken or not taken, or any facts or circumstances that may hereafter come to our attention, or for any other reason.

We are not expressing any opinion with respect to the authorization, execution, delivery, issuance or validity of the Bonds, or the exclusion from gross income for federal income tax purposes of interest on the Bonds.

This letter is furnished by us solely for your benefit and may not be relied upon by any other person or entity, except as may be expressly authorized by us in writing. This letter is not to be used, circulated, quoted or otherwise referred to in connection with the offering of the Bonds, except that reference may be made in any list of closing documents pertaining to the issuance of the Bonds.

Very truly yours

**Exhibit H**  
**Form of Opinion of Underwriters' Counsel**  
**pursuant to Section 8.6(e)(7)**

[\_\_\_\_\_], 2024

Barclays Capital Inc.  
10250 Constellation Blvd, Suite 750  
Los Angeles, California 90067

Re: \$[\_\_\_\_\_] Los Angeles County Facilities 2 Inc. Lease Revenue Bonds,  
Series 2024 (Vermont Corridor Site 2) (the "Bonds")

Ladies and Gentlemen:

We have acted as counsel to you in connection with the issuance of the above-captioned Bonds by Los Angeles County Facilities 2 Inc., a California nonprofit public benefit corporation (the "Issuer"). Unless otherwise defined herein, capitalized terms used herein have the meanings set forth in the Bond Purchase Agreement, dated [\_\_\_\_\_], 2024 ("Purchase Agreement"), executed by Barclays Capital Inc., as representative (the "Representative"), acting on behalf of itself and [\_\_\_\_\_] (collectively, the "Underwriters") and accepted and agreed to by the Issuer and the County of Los Angeles (the "County"), a political subdivision of the State of California. Capitalized terms used but not otherwise defined herein shall have the meaning ascribed thereto in the Purchase Agreement.

In our capacity as counsel to the Underwriters, we have examined originals, or copies certified or otherwise identified to our satisfaction as being true copies of originals, of the following documents: (i) the Purchase Agreement; (ii) the Issuer Authorization and County Authorization; (iii) the Ground Lease Agreement dated with an effective date of [\_\_\_\_\_], 2024, by and between the County and the Issuer and memorandum thereof; (iv) the Facilities Lease Agreement dated with an effective date of [\_\_\_\_\_], 2024, by and between the Issuer and the County and memorandum thereof; (v) the Development Agreement dated as of [\_\_\_\_\_], 2024, between the Issuer and the Developer; (vi) the Indenture of Trust dated as of [\_\_\_\_\_], 2024, by and between the Issuer and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"); (vii) the Construction Leasehold Deed of Trust, Security Agreement, Assignment of Leases and Rents and Fixture Filing; (viii) the Assignment of Leases and Cash Collateral from the Issuer to the Trustee; (ix) the Assignment of Construction Documents from the Issuer to the Trustee and related assignment documents; (x) the Subordination, Non-Disturbance and Attornment Agreement by and among the County, the Issuer and the Trustee, (xi) the Ground Lessor Consent, Estoppel, Recognition and Non-Disturbance Agreement by and among the County, the Issuer and the Trustee; (xii) the Issuer's

Preliminary Official Statement relating to the Bonds dated [\_\_\_\_\_], 2024 (the “Preliminary Official Statement”); (xiii) the Issuer’s Official Statement relating to the Bonds dated [\_\_\_\_\_], 2024 (the “Official Statement”); (xiv) the Continuing Disclosure Certificate of the County, dated [\_\_\_\_\_], 2024; and (xv) the various certificates and opinions provided on the date hereof pursuant to the Purchase Agreement.

We have not undertaken to determine independently, and assume no responsibility for, the accuracy and completeness of the statements made or included in the Preliminary Official Statement or the Official Statement. During the course of the preparation of the Preliminary Official Statement and the Official Statement, however, we participated in conferences with certain officials of, and counsel for, the County, the Issuer, representatives of the Underwriters, bond counsel and disclosure counsel, at which conferences the contents of the Preliminary Official Statement and the Official Statement and related matters were discussed. Our examination described above and our participation in the above-mentioned conferences did not disclose to us any information which gives us reason to believe that the Preliminary Official Statement, as of its date or as of the date of the Purchase Agreement, or the Official Statement, as of its date or as of the date hereof, contained any untrue statements of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading (provided, however, that no belief or opinion is expressed regarding any financial, forecast, technical or statistical statements or data included in the Preliminary Official Statement or the Official Statement, the statements and information set forth in the Appendices to the Official Statement, information designated as preliminary or permitted to be omitted from the Preliminary Official Statement pursuant to Rule 15c2-12, or any information under the captions “TAX MATTERS,” “MUNICIPAL ADVISOR” or “RATINGS”).

This opinion is furnished to you solely for your benefit and no other person is entitled to rely hereon. This opinion is not to be used, circulated, quoted or otherwise referred to for any other purpose. This opinion is based on law and facts in existence on the date hereof and we assume no obligation to advise you of changes that may hereafter be brought to our attention.

Respectfully yours,

**Exhibit I**  
**Form of Issue Price Certificate**

**LOS ANGELES COUNTY FACILITIES 2 INC.**

\$[\_\_\_\_\_]  
**Lease Revenue Bonds, Series 2024**  
**(Vermont Corridor Site 2)**

**ISSUE PRICE CERTIFICATE**

The undersigned, on behalf of Barclays Capital Inc., (the “Representative”) on behalf of itself and [\_\_\_\_\_] (collectively, the “Underwriting Group”), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”).

1. ***Sale of the Bonds.*** As of the date of this certificate, for each Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A.

2. ***Defined Terms.***

(a) ***County*** means the County of Los Angeles, a political subdivision of the State of California.

(b) ***Issuer*** means Los Angeles County Facilities 2 Inc., a California nonprofit public benefit corporation.

(c) ***Maturity*** means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(d) ***Public*** means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(e) ***Underwriter*** means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Representative's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer and the County with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Orrick, Herrington & Sutcliffe LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038, and other federal income tax advice that it may give to the Issuer and the County from time to time relating to the Bonds.

[Signature Page Follows]

BARCLAYS CAPITAL INC., as representative of  
the Underwriters

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

Name: Carmen Vargas

Title: Managing Director

Dated: [\_\_\_\_\_], 2024

**Schedule A**

**LOS ANGELES COUNTY FACILITIES 2 INC.**

\$[\_\_\_\_\_]

**Lease Revenue Bonds, Series 2024  
(Vermont Corridor Site 2)**

Maturity (December 1,)	Principal Amount	Interest Rate	Yield	Price
---------------------------	---------------------	---------------	-------	-------

\$[\_\_\_\_\_] \_\_\_\_\_% Term Bonds due December 1, 20\_\_; Yield – \_\_\_\_\_%; Price – \_\_\_\_\_]

<sup>c</sup> Yield calculated based on December 1, 20[ ] first optional redemption date.

# **ENCLOSURE G**



## **CONTINUING DISCLOSURE CERTIFICATE OF THE COUNTY**

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the County of Los Angeles (the “County”) in connection with the issuance of the Lease Revenue Bonds, Series 2024 (Vermont Corridor Site 2) (the “Bonds”) by the Los Angeles County Facilities 2 Inc. (the “Issuer”). The Bonds are being issued pursuant to the terms of an Indenture of Trust dated as of [As of Date] (the “Indenture”) by and between the Issuer and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”). The County covenants and agrees as follows:

**SECTION 1. Purpose of the Disclosure Certificate.** This Disclosure Certificate is being executed and delivered by the County for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with Securities and Exchange Commission (“S.E.C.”) Rule 15c2-12(b)(5).

**SECTION 2. Definitions.** In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the County pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Beneficial Owner” shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

“Dissemination Agent” shall mean the County, or any successor Dissemination Agent designated in writing by the County and which has filed with the County a written acceptance of such designation.

“Financial Obligation” means “financial obligation” as such term is defined in the Rule.

“Holder” shall mean the person in whose name any Bond shall be registered.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The County shall, or shall cause the Dissemination Agent to, not later than April 1 after the end of the County’s fiscal year, commencing with the report for the County’s June 30, 2024 fiscal year, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided, that the audited financial statements of the County may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the County’s fiscal year changes, it shall give notice of such change in a filing with the MSRB. The Annual Report shall be submitted on a standard form in use by industry participants or other appropriate form and shall identify the Bonds by name and CUSIP number.

(b) Not later than 15 business days prior to said date, the County shall provide the Annual Report to the Dissemination Agent (if other than the County). If the County is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the County shall, in a timely manner, send or cause to be sent to the MSRB a notice in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall (if the Dissemination Agent is other than the County) file a report with the County certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided to the MSRB.

SECTION 4. Content of Annual Reports. The County’s Annual Report shall contain or include by reference the following:

(a) Audited financial statements of the County for the preceding fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board and reporting standards as set forth by the State Controller in “State of California Accounting Standards and Procedures for Counties.” If the County’s audited financial statements are not available by the time the Annual Report is required to be provided to the MSRB pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be provided to the MSRB in the same manner as the Annual Report when they become available.

(b) To the extent not included in the audited financial statement of the County, the Annual Report shall also include the following:

- (1) Assessed valuations, tax levies and delinquencies for real property located in the County for the fiscal year of the County most recently ended;

- (2) Summary financial information on revenues, expenditures and fund balances for the fiscal year of the County most recently ended;
- (3) Summary financial information on the proposed and adopted budgets of the County for the current fiscal year and any changes in the adopted budget;
- (4) Summary of aggregate annual debt obligations of the County as of the beginning of the current fiscal year;
- (5) Summary of annual outstanding principal obligations of the County as of the beginning of the current fiscal year; and
- (6) The ratio of the County's outstanding debt to total assessed valuations as of the most recently ended fiscal year of the County.

Any or all of the items listed above may be set forth in one or a set of documents or may be included by specific reference to other documents, including official statements of debt issues of the County or related public entities, which have been made available to the public on the MSRB's website. The County shall clearly identify each such other document so included by reference.

#### SECTION 5. Reporting of Significant Events.

(a) The County shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not later than ten business days after the occurrence of the event:

- (1) Principal and interest payment delinquencies;
- (2) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (3) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (4) Substitution of credit or liquidity providers, or their failure to perform;
- (5) Adverse tax opinions or issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);
- (6) Tender offers;
- (7) Defeasances;
- (8) Rating changes; or
- (9) Bankruptcy, insolvency, receivership or similar event of the obligated person.

Note: for the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a

court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(10) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the County, any of which reflect financial difficulties

(b) The County shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material, in a timely manner not later than ten business days after the occurrence of the event:

(1) Unless described in paragraph 5(a)(5), other notices or determinations by the Internal Revenue Service with respect to the tax status of the Tax-Exempt Bonds or other events affecting the tax status of the Tax-Exempt Bonds;

(2) Modifications to rights of Bond holders;

(3) Optional, unscheduled or contingent Bond calls;

(4) Release, substitution, or sale of property securing repayment of the Bonds;

(5) Non-payment related defaults;

(6) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;

(7) Appointment of a successor or additional trustee or the change of name of a trustee; or

(8) Incurrence of a Financial Obligation of the County or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the County, any of which affect security holders; and

(c) Upon the occurrence of a Listed Event described in Section 5(a), or upon the occurrence of a Listed Event described in Section 5(b) which the County determines would be material under applicable federal securities laws, the County shall within ten business days of occurrence file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in subsection (a)(8) need not be given under this subsection any

earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Indenture.

SECTION 6. Format for Filings with MSRB. Any report or filing with the MSRB pursuant to this Disclosure Certificate must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB.

SECTION 7. Termination of Reporting Obligation. The County's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the County shall give notice of such termination in a filing with the MSRB.

SECTION 8. Dissemination Agent. The County may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the County pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the County.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the County may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a) or (b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the County shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the County. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in a filing with the MSRB, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the County from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice required to be filed pursuant to this Disclosure Certificate, in addition to that which is required by this Disclosure Certificate. If the County chooses to include any information in any Annual Report or notice in addition to that which is specifically required by this Disclosure Certificate, the County shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event or any other event required to be reported.

SECTION 11. Default. In the event of a failure of the County to comply with any provision of this Disclosure Certificate, any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the County to comply with its obligations under this Disclosure Certificate; provided, that any such action may be instituted only in Superior Court of the State of California in and for the County of Los Angeles or in U.S. District Court in or nearest to the County of Los Angeles. The sole remedy under this Disclosure Certificate in the event of any failure of the County to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the County, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: \_\_\_\_\_, 2024.

COUNTY OF LOS ANGELES

By: \_\_\_\_\_  
Name: FESIA A. DAVENPORT  
Title: Chief Executive Officer

**CONTINUING DISCLOSURE EXHIBIT A**

**FORM OF NOTICE TO THE MUNICIPAL SECURITIES RULEMAKING BOARD  
OF FAILURE TO FILE ANNUAL REPORT**

Name of Obligor: County of Los Angeles  
Name of Bond Issue: Los Angeles County Facilities 2 Inc.  
Lease Revenue Bonds, Series 2024  
(Vermont Corridor Site 2)  
Date of Issuance: \_\_\_\_\_, 2024

NOTICE IS HEREBY GIVEN that the County has not provided an Annual Report with respect to the above-named Bonds as required by Section 4 of the Continuing Disclosure Certificate of the County, dated the Date of Issuance. [The County anticipates that the Annual Report will be filed by \_\_\_\_\_.]

Dated: \_\_\_\_\_

COUNTY OF LOS ANGELES

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

# ENCLOSURE H



After Recording Return To:

Matthew W. Markovich, Esq.  
Hillis Clark Martin & Peterson P.S.  
999 Third Avenue, Suite 4600  
Seattle, Washington 98104

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SPACE ABOVE THIS LINE FOR RECORDER'S USE

This instrument is exempt from recording fees (California Government Code § 27383) and from Documentary Transfer Tax (California Revenue and Tax Code § 11922).

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

by and among

Los Angeles County Facilities 2 Inc., a California nonprofit public benefit corporation (“Landlord”), the County of Los Angeles, a political subdivision of the State of California (“Tenant”) and U.S. Bank Trust Company, National Association (“Beneficiary”), as bond trustee under the Indenture of Trust dated as of \_\_\_\_\_, 2024, relating to the Los Angeles County Facilities 2 Inc. Lease Revenue Bonds, Series 2024 (Vermont Corridor Site 2)

SUBORDINATION, NON-DISTURBANCE  
AND ATTORNMENT AGREEMENT

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

THIS AGREEMENT dated as of \_\_\_\_\_, 2024 is entered into by and among Tenant, Landlord, and Beneficiary and affects the Property described in Exhibit A attached hereto. The terms “Tenant,” “Landlord,” “Beneficiary,” “Premises,” “Ground Lease,” “Lease,” “Property,” “Bonds,” “Indenture” and “Deed of Trust” are defined in the Schedule of Definitions attached hereto as Exhibit B. This Agreement is entered into with reference to the following facts:

A. Landlord and Tenant have entered into that certain Lease covering the Premises on the Property, a memorandum of which was recorded on the date hereof.

B. Beneficiary has agreed to execute the Indenture with Landlord. Landlord will issue Bonds pursuant to the Indenture, which Bonds and Indenture are to be secured by the Deed of Trust encumbering the Premises, provided that the Lease is subordinated to the lien of the Deed of Trust.

C. For the purposes of issuing the Bonds pursuant to the Indenture, the parties hereto desire to expressly subordinate the Lease to the lien of the Deed of Trust recorded concurrently herewith, it being a condition precedent to the issuance of the Bonds pursuant to the Indenture that the lien of the Deed of Trust be unconditionally and at all times prior and superior to the leasehold interests and estates created by the Lease.

D. Tenant has requested and Beneficiary has agreed not to disturb Tenant’s possessory rights in the Premises in the event Beneficiary should foreclose the Deed of Trust; provided that Tenant is not then in default under the Lease and provided further that Tenant attorns to Beneficiary or the purchaser at any foreclosure or trustee’s sale of the Premises.

E. It is to the mutual benefit of Landlord and Tenant that Beneficiary execute the Indenture. Beneficiary is unwilling to execute the Indenture without this Agreement.

NOW THEREFORE, in consideration of the mutual covenants contained herein and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and in order to induce Landlord and Beneficiary to execute the Indenture and issue the Bonds, the parties agree as follows:

1. Notwithstanding anything to the contrary set forth in the Lease, the Lease and the leasehold interests and estate created thereby and all of Tenant's rights thereunder, including, without limitation, all rights of first refusal, purchase options and all other rights or interests of the Tenant under the Lease, shall be and shall at all times remain subject, subordinate and inferior to the Deed of Trust and the lien thereof, and all rights, privileges and powers of the Beneficiary thereunder and to any and all renewals, modifications, consolidations, replacements and extensions thereof; provided, however, that all condemnation awards and insurance proceeds paid or payable with respect to the Premises and received by Landlord or Beneficiary shall be applied as provided in the Lease to the repair and restoration of the Premises or used to redeem or defease Bonds or as otherwise required under the Indenture. The fee simple interest of the County of Los Angeles in the Property is not subject to the subordination granted by this Agreement. Notwithstanding such subordination, Landlord and Beneficiary acknowledge and agree that pursuant to the Indenture and the requirements of Revenue Ruling 63-20 of the United States Treasury, as amended and updated by Revenue Procedure 82-26 (together, the "Ruling") and applicable Internal Revenue Service regulations and upon full payment and retirement or defeasance of all Bonds outstanding under the Indenture, Landlord or the then owner of the Premises (including Beneficiary) shall convey unencumbered title to the Premises to Tenant as the governmental subdivision identified in the Indenture, without recourse or warranty and in its then condition. This provision shall survive any foreclosure of the Deed of Trust or any transfer of the Premises by conveyance in lieu of foreclosure and shall be binding upon Beneficiary and any succeeding owner of the Premises.

2. If the interests of Landlord in the Premises shall be transferred by reason of the exercise of the power of sale contained in the Deed of Trust, or by any foreclosure or other proceeding for enforcement of the Deed of Trust, or by deed in lieu of foreclosure or such other proceeding, Tenant shall be bound to Beneficiary or the party acquiring Landlord's interests under the Ground Lease and the Lease in the Premises ("Succeeding Landlord") under all of the terms, covenants and conditions of the Ground Lease and the Lease for the balance of the term thereof and any extensions or renewals thereof which may be effected in accordance with any option in the Lease, with the same force and effect as if the Succeeding Landlord were the tenant under the Ground Lease and the landlord under the Lease, and Tenant, as tenant under the Lease, does hereby attorn to the Succeeding Landlord, as its lessor under the Lease. Such attornment shall be effective and self-operative without the execution of any further instruments upon the succession by Succeeding Landlord to the interests of Landlord under the Ground Lease and the Lease. Tenant shall execute and deliver such instrument evidencing such attornment as Succeeding Landlord reasonably may require. The respective rights and obligations of Succeeding Landlord and Tenant upon such attornment, to the extent of the then remaining balance of the term of the Lease and any extensions and renewals, shall be and are the same as now set forth in the Lease; provided, however, that in no event shall Beneficiary or such Succeeding Landlord be (i) liable for any act, omission or default of any previous

landlord (including Landlord) or obligations accruing prior to the date Beneficiary or such Succeeding Landlord succeeded to the interest of Landlord under the Ground Lease and the Lease; (ii) subject to any offset, defense, claim or counterclaim which Tenant might be entitled to assert against any previous landlord (including Landlord) for events arising prior to the date Beneficiary or such Succeeding Landlord succeeded to the interest of Landlord under the Ground Lease and the Lease, or (iii) be bound by any payment of Base Rent, Additional Rent or other payments made by Tenant to any previous landlord (including Landlord) for more than six (6) months in advance.

3. So long as no default by Tenant under the Lease exists (after notice, and the expiration of any grace or cure period as may be required by the Lease) that would entitle Landlord to terminate the Lease, the Lease shall not be terminated, nor shall Tenant's use, possession or enjoyment of the Premises or any of its rights and privileges under the Lease be interfered with in any foreclosure or other action or proceeding in the nature of foreclosure instituted under or in connection with the Deed of Trust, and Beneficiary shall not name or join Tenant as a defendant in any exercise of Beneficiary's rights under the Deed of Trust except to the extent required by applicable law to prosecute Beneficiary's rights and remedies against Landlord and then only for such purpose and not for the purpose of terminating the Lease or otherwise adversely affecting Tenant's rights under the Lease or this Agreement. This nondisturbance provision shall apply with respect to Tenant's continued occupancy of the Premises pursuant to an exercise of its rights under Bankruptcy Code Section 365(h).

4. Beneficiary would not execute the Indenture without this Agreement.

5. It is expressly understood and agreed that this Agreement shall supersede, to the extent inconsistent herewith, any provisions of the Lease relating to the subordination of the Lease and the rights, duties and obligations created thereby to the lien or charge of the Deed of Trust.

6. A copy of any notice of default sent by Tenant to Landlord under the Lease shall be simultaneously mailed to Beneficiary, and Beneficiary shall during an Event of Default (as defined under the Indenture) have the right (but not the obligation) to remedy any default by Landlord under the Lease, if directed by the holders of a majority in aggregate principal amount of Bonds Outstanding and indemnified to its satisfaction, as follows: After the receipt of such notice, Beneficiary shall have a period of ninety (90) days in which to cure any default by Landlord and upon the commencement thereof shall proceed diligently to cure such default, which may include the initiation of legal or other action to acquire title to Landlord's interest under the Ground Lease and the Lease. In the event that neither Landlord nor Beneficiary cures such default, Tenant shall have the right to pursue remedies available to it under Section 23 of the Lease against Landlord; provided, however, that Tenant shall have (i) no right to offset against Rent payable under

the Lease, and (ii) no right to terminate the Lease or the Ground Lease so long as the Bonds are outstanding.

7. Tenant represents that the Lease is in full force and effect and except to the extent permitted under the terms of the Indenture and/or the Deed of Trust, it will not change or alter the terms, covenants, conditions and agreements of the Lease.

8. Tenant consents to the execution and delivery of the Deed of Trust by Landlord. This Agreement does not constitute a waiver by Landlord of any of its rights under the Lease with respect to Tenant and does not in any way release Tenant from its obligation to comply with the terms, provisions, conditions, covenants and agreements set forth in the Lease.

9. This Agreement does not constitute a waiver by Beneficiary of any of its rights under the Deed of Trust and does not in any way release Landlord from its obligation to comply with the terms, provisions, covenants, conditions and agreements set forth in the Lease to be performed by Landlord.

10. Notwithstanding any provision of this Agreement or the Lease to the contrary, (i) Beneficiary shall have no obligation or incur any liability with respect to the design, development, construction or completion of the Project (as defined in the Lease) or any improvements for Tenant's use and occupancy except for the obligations of the Beneficiary set forth in the Indenture, (ii) Tenant shall have no right to offset any claims it may have under the Lease against the payment of Base Rent, Additional Rent or any other amount which Tenant is required to pay under the Lease, and (iii) Tenant agrees that it shall not exercise any rights or take any action to enforce any remedies it may have as a third party beneficiary under the Development Agreement or any of the Construction Documents (each as defined in the Lease) until each of the following conditions has been satisfied: (a) the Rent Commencement Date has occurred and Tenant is paying Base Rent, (b) there is no default by Tenant, and no event that with the giving of notice or the passage of time or both, has occurred, that would constitute an Event of Default by Tenant under the Lease, and (c) an Event of Default by Landlord has occurred under the Lease and all applicable notice and cure periods have expired with reference thereto.

11. The agreements contained herein shall run with the land and shall inure to the benefit of the parties hereto, their successors and assigns; and thereupon all such obligations and liabilities shall be the responsibility of the person to whom such party's interest is assigned or transferred; provided, however, that the interest of either Landlord or Tenant under this Agreement may not be assigned or transferred except together with an assignment or transfer of such party's interest under the Ground Lease and the Lease. In the event of the assignment or transfer of the interest of Beneficiary under the Indenture and/or the Deed of Trust, all obligations and liabilities of Beneficiary under this Agreement shall automatically terminate, and thereupon all such obligations and liabilities

shall be the responsibility of the party to whom Beneficiary's interest is assigned or transferred.

12. All notices required or permitted under this Agreement shall be in writing and shall be given to the parties as follows:

Landlord: Los Angeles County Facilities 2 Inc.  
c/o Public Facilities Group  
1700 Seventh Avenue  
Suite 2100, PMB 552  
Seattle, Washington 98101  
Attention: John Finke, President

Tenant: County of Los Angeles  
Chief Executive Office – Real Estate Division  
320 West Temple Street, 7<sup>th</sup> Floor  
Los Angeles, California 90012  
Attention: Senior Manager

With copies to: Office of the County Counsel  
County of Los Angeles  
500 West Temple Street, 6<sup>th</sup> Floor  
Los Angeles, California 90012-2932  
Attention: Behnaz Tashakorian

Chief Executive Office – Capital Projects  
County of Los Angeles  
500 West Temple Street, Room 713  
Los Angeles, California 90012  
Attention: Assistant Chief Executive Officer

Treasurer and Tax Collector – Public Finance  
County of Los Angeles  
500 West Temple Street, Room 432  
Los Angeles, California 90012  
Attention: Assistant Treasurer and Tax Collector

Beneficiary: U.S. Bank Trust Company, National Association,  
U.S. Bank Tower  
633 West 5<sup>th</sup> Street, 24<sup>th</sup> Floor  
Los Angeles, California 90071  
Attention: Global Corporate Trust Services

Any such notices shall be either (a) sent by certified mail, return receipt requested, in which case notice shall be deemed delivered three business days after deposit, postage prepaid in the U.S. mail, or (b) sent by a nationally recognized overnight courier, in which case notice shall be deemed delivered one business day after deposit with such courier; or (c) served personally, in which case notice shall be deemed given on the date of such service, or [(d) delivered by facsimile transmission followed by delivery by personal service or nationally recognized courier service on the next business day after facsimile transmission, in which case notice shall be deemed to have been given on the date of facsimile transmission]. The above addresses may be changed by written notice to the other parties; provided that no notice of a change of address shall be effective until actual receipt of such notice.

13. This Agreement shall be governed by and construed in accordance with the laws of the State of California. All capitalized terms not otherwise defined herein or on Exhibit B hereto shall have the same definition as set forth in the Lease or, if not defined therein, as defined in the Indenture.

14. In the event any term or provision of this Agreement or the application thereof to any person or circumstance shall, for any reason and to any extent, be invalid or unenforceable, the remaining terms and provisions of this Agreement shall not be affected thereby, but rather shall be enforceable to the fullest extent permitted by law.

15. The parties hereto agree to execute and deliver in recordable form any and all further documents and instruments reasonably requested by any party hereto or any title insurance company to give effect to the terms and provisions of this Agreement.

16. Notwithstanding anything to the contrary contained herein, Landlord and Tenant acknowledge that Beneficiary is acting under this Agreement not in its individual capacity but solely as Trustee under the Indenture and shall be entitled to the same rights, protections, indemnities and immunities hereunder to which it is entitled under the Indenture.

17. This Agreement may be executed in counterparts, each of which is an original and all of which shall constitute one agreement.

*[remainder of this page intentionally left blank]*

IN WITNESS WHEREOF, the parties have executed this Subordination, Non-Disturbance, and Attornment Agreement as of day and year first above written.

NOTICE: THIS SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT CONTAINS PROVISIONS WHICH ALLOW LANDLORD TO ISSUE BONDS, A PORTION OF WHICH MAY BE EXPENDED FOR OTHER PURPOSES THAN IMPROVEMENT OF THE PROPERTY.

TENANT:

COUNTY OF LOS ANGELES, a  
political subdivision of the State of  
California

By: \_\_\_\_\_  
Name: FESIA A. DAVENPORT  
Title: Chief Executive Officer

ATTEST:

DEAN C. LOGAN  
Registrar-Recorder/County Clerk

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

BENEFICIARY:

U.S. BANK TRUST COMPANY,  
NATIONAL ASSOCIATION, as bond  
trustee under the Indenture

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

LANDLORD:

LOS ANGELES COUNTY FACILITIES 2  
INC., a California nonprofit public benefit  
corporation

By: \_\_\_\_\_  
Name: John Finke  
Its: President





**CALIFORNIA CERTIFICATE OF ACKNOWLEDGMENT**

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

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

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

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.

\_\_\_\_\_  
Notary Public Signature

(Notary Public Seal)

**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: \_\_\_\_\_

**CAPACITY CLAIMED BY THE SIGNER**

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

**SIGNER IS REPRESENTING:** County of Los Angeles, a political subdivision of the State of California

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

**CALIFORNIA CERTIFICATE OF ACKNOWLEDGMENT**

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

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

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

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.

\_\_\_\_\_  
Notary Public Signature

(Notary Public Seal)

**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: \_\_\_\_\_

**CAPACITY CLAIMED BY THE SIGNER**

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

**SIGNER IS REPRESENTING:** U.S. Bank Trust Company, National Association

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

EXHIBIT A

Legal Description

All that certain real property situated in the County of Los Angeles, State of California, described as follows:

[to come]

## EXHIBIT B

### Schedule of Definitions

“Beneficiary” shall mean U.S. Bank Trust Company, National Association, as bond trustee under the Indenture. All notices hereunder to Beneficiary shall be mailed to:

U.S. Bank Tower  
633 West 5<sup>th</sup> Street, 24<sup>th</sup> Floor  
Los Angeles, California 90071  
Attention: Global Corporate Trust Services

“Bonds” means \$\_\_\_\_\_ in aggregate principal amount of Los Angeles County Facilities 2 Inc., Lease Revenue Bonds, Series 2024 (Vermont Corridor Site 2).

“Deed of Trust” shall mean a first lien Construction Leasehold Deed of Trust, Security Agreement, Assignment of Leases and Rents and Fixture Filing dated as of \_\_\_\_\_, 2024, encumbering the Property, executed by Landlord, as Trustor, to Commonwealth Land Title Company, as Trustee, in favor of Beneficiary, securing repayment of the Bonds issued pursuant to the Indenture to be recorded in the county in which the Property is located.

“Ground Lease” shall mean that certain Ground Lease Agreement dated as of \_\_\_\_\_, 2024 executed by Tenant as ground lessor, and Landlord as ground lessee, as now or hereafter amended.

“Indenture” shall mean that certain Indenture of Trust dated as of \_\_\_\_\_, 2024 executed by Landlord and Beneficiary pursuant to which Landlord issues the Bonds.

“Landlord” shall mean Los Angeles County Facilities 2 Inc., a California nonprofit public benefit corporation, having an address c/o Public Facilities Group, 1700 Seventh Avenue, Suite 2100, PMB 552, Seattle, Washington 98101, Attention: John Finke, President.

“Lease” shall mean that certain Facilities Lease Agreement dated as of \_\_\_\_\_, 2024, by and between Landlord and Tenant, as now or hereafter amended.

“Premises” shall mean the improvements located in and upon the Property, including the Project (as defined in the Lease) and such other improvements as may be located on the Property from time to time, together with Landlord’s leasehold interest in the Property demised to Landlord under the Ground Lease.

“Property” shall mean the real property described in Exhibit A hereto, together with the improvements thereon.

“Tenant” shall mean the County of Los Angeles, a political subdivision of the State of California, having an address at Chief Executive Office – Real Estate Division, 320 West Temple Street, 7<sup>th</sup> Floor, Los Angeles, California 90012, Attention: Senior Manager.

ND: 22868.003 4855-0657-4014v2

# **ENCLOSURE I**

After Recording Return To:

Matthew W. Markovich, Esq.  
Hillis Clark Martin & Peterson P.S.  
999 Third Avenue, Suite 4600  
Seattle, Washington 98104

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SPACE ABOVE THIS LINE FOR RECORDER'S USE

This instrument is exempt from recording fees (California Government Code § 27383)

**GROUND LESSOR CONSENT, ESTOPPEL, RECOGNITION AND NON-DISTURBANCE AGREEMENT**

by and among

The County of Los Angeles, a political subdivision of the State of California ("Owner"),  
Los Angeles County Facilities 2 Inc., a California nonprofit public benefit corporation  
("Lessee"), and U.S. Bank Trust Company, National Association, in its capacity as bond  
trustee ("Trustee") under the Indenture of Trust dated as of \_\_\_\_\_, 2024, relating to  
the Los Angeles County Facilities 2 Inc. Lease Revenue Bonds, Series 2024  
(Vermont Corridor Site 2)



**GROUND LESSOR CONSENT, ESTOPPEL, RECOGNITION AND NON-DISTURBANCE AGREEMENT**

THIS GROUND LESSOR CONSENT, ESTOPPEL, RECOGNITION AND NON-DISTURBANCE AGREEMENT (“Agreement”) dated as of \_\_\_\_\_, 2024, by and among the COUNTY OF LOS ANGELES, a political subdivision of the State of California (“Owner”), LOS ANGELES COUNTY FACILITIES 2 INC., a California nonprofit public benefit corporation (“Lessee”), and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, in its capacity as bond trustee (the “Trustee”) under the Indenture of Trust dated as of \_\_\_\_\_, 2024 (the “Indenture”) relating to the Los Angeles County Facilities 2 Inc. Lease Revenue Bonds, Series 2024 (Vermont Corridor Site 2) (the “Bonds”), is made with reference to the following facts:

**RECITALS**

A. Lessee is a California nonprofit public benefit corporation and an organization described under Section 501(c)(3) of the federal Internal Revenue Code of 1986, as amended (the “Code”);

B. Owner desires to have Lessee design, develop, permit and construct improvements and install furniture, fixtures and equipment for (i) the renovation and expansion of an existing office building comprised of (a) approximately 154,793 gross square feet of existing space renovated to Class A office space, including two ground floor retail spaces of approximately 1,000 square feet each, (b) an extension of the existing building floorplates to include an additional approximately 88,340 gross square feet of new Class A office space, for a total of approximately 243,133 gross square feet of Class A office space, (c) approximately 12,050 gross square feet of renovated subterranean back-of-house support space, and (d) an elevated pedestrian walkway connecting the existing office building to the terrace level of the neighboring office building commonly known as 510 South Vermont Avenue; (ii) the installation of approximately 10 surface parking spaces and landscaping; and (iii) the demolition of the existing 52,000 square foot former Department of Workforce Development, Aging and Community Service headquarters and adjacent two-story parking structure, all to serve as office space and related ancillary facilities for various County departments, commissions and staff (collectively, the “Project”), all located in the City of Los Angeles, Los Angeles County, California;

C. Lessee and Owner have entered into a Ground Lease Agreement dated as of \_\_\_\_\_, 2024 (as amended from time to time, the “Ground Lease”) under which Owner is leasing certain real property located in the City of Los Angeles, Los Angeles County, on which the Project will be located and which is more particularly described in Exhibit A, attached hereto and by this reference incorporated herein (the “Land”) to Lessee;

D. Concurrently therewith, Lessee and Owner have entered into a Facilities Lease Agreement, dated as of \_\_\_\_\_, 2024 (as amended from time to time, the “Facilities Lease”) under which Lessee will undertake the Project and lease the Premises (as such term is defined in the Facilities Lease) to the Owner at the rent and pursuant to the terms and conditions set forth in the Facilities Lease;

E. Lessee will engage TC LA Development, Inc. as developer (“Developer”) to develop, oversee and manage the design, permitting and construction of the Project in accordance with the terms and conditions of a Development Agreement dated as of \_\_\_\_\_, 2024 (the “Development Agreement”);

F. By Ordinance No. 2024-\_\_\_\_ adopted on \_\_\_\_\_, 2024 and by subsequent actions, the Board of Supervisors of Owner approved the Ground Lease, the Facilities Lease, the Development Agreement, the Project, the issuance of the Bonds (as hereinafter defined) and the future acceptance of the title to the Premises;

G. Lessee and Owner have determined that the most cost-effective method of financing the Project is through the issuance by Lessee of the Bonds pursuant to Rev. Rul. 63-20 of the U.S. Treasury, as further amended and updated by Rev. Proc. 82-26 (together, the “Ruling”);

H. Lessee intends to issue the Bonds pursuant to the Indenture and to use the proceeds thereof to finance the costs of design, development and construction of the Project;

I. The obligations of Lessee to pay principal and interest on the Bonds and the indebtedness evidenced by the Indenture are secured, inter alia, by that certain (a) Construction Leasehold Deed of Trust, Security Agreement, Assignment of Leases and Rents and Fixture Filing of even date herewith (the “Deed of Trust”) executed by Lessee as trustor and debtor in favor of the Trustee, as beneficiary and secured party, encumbering the Premises as more particularly described in the Deed of Trust, (b) that certain Assignment of Leases and Cash Collateral of even date herewith executed by Lessee as assignor in favor of Trustee as assignee and (c) other security interests granted under other security documents; and

J. Lessee and Trustee would not execute the Indenture and the Lessee would not issue the Bonds or enter into the Ground Lease, the Facilities Lease or the Development Agreement, except upon the express condition that Owner: (a) confirm the status of the Ground Lease, (b) confirm any and all approvals to the financing plan contemplated by the execution of the Indenture, the issuance of the Bonds, the execution of the Ground Lease, the Facilities Lease and the Development Agreement and all documents and instruments executed in connection therewith, including, without limitation, the Deed of Trust, (c) agree to recognize and agree not to disturb the rights of the Trustee under the

Deed of Trust, and (d) confirm certain matters with respect to the Ground Lease and Facilities Lease as more particularly set forth herein.

NOW THEREFORE, in consideration of the foregoing recitals and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and in order to induce Lessee and Trustee to execute the Indenture and Lessee to issue the Bonds, Owner and Lessee hereby certify and agree in favor and for the benefit of Trustee as follows:

### **AGREEMENT**

1. Each of the recitals set forth above is by this reference incorporated herein. All capitalized terms not otherwise defined herein shall have the same meaning as set forth in the Indenture or, if not defined therein, as defined in the Facilities Lease.

2. The Ground Lease is valid and in full force and effect and constitutes the entire agreement between Owner and Lessee, as the tenant thereunder, with respect to the demise of the Land pursuant to the Ground Lease and there have been no modifications or amendments to the Ground Lease since its execution. There are no oral or other written agreements between Owner and Lessee with respect to the lease of the Land except the Ground Lease and the Facilities Lease. There is no default by either Owner or Lessee in the performance of their respective obligations under the Ground Lease or the Facilities Lease and no event that with the giving of notice, the passage of time or both, would constitute an Event of Default under the Ground Lease or the Facilities Lease. To the best of Owner's knowledge, there are no set-offs, defenses or claims in favor of Owner against Lessee or against enforcement by Lessee of any of the terms and conditions of the Ground Lease or the Facilities Lease.

3. All rent and other sums due and payable under the Ground Lease have been paid in full and neither Owner nor Lessee has commenced any action or given or received any notice for the purposes of terminating the Ground Lease.

4. The term of the Ground Lease will commence as set forth in Section 2.1 of the Ground Lease, and will terminate December 1, [\_\_\_\_], unless it is earlier terminated in accordance with the terms of the Ground Lease, or unless it is extended in accordance with Section 2.1 of the Ground Lease.

5. Owner consents to the Indenture, the Deed of Trust, the Assignment of Leases and the Development Agreement and agrees that the Deed of Trust shall constitute a Leasehold Mortgage and that Trustee and/or any assignee of Trustee's interest under the Deed of Trust will have all of the rights, privileges and benefits accruing to a "Leasehold Mortgage" as defined in Section 6.1 of the Ground Lease or any other holder of an encumbrance under the Ground Lease, including, without limitation, the right to:

(a) foreclose the Deed of Trust, (b) effect cure of a tenant default under the Ground Lease, (c) receive casualty insurance proceeds and (d) obtain a new lease if the Ground Lease should be terminated. No approval by any party not a signatory to this Agreement is required in connection with the encumbrance of Lessee's rights under the Ground Lease pursuant to the Deed of Trust. This Agreement shall constitute notice to Owner of the Indenture, the Bonds, the Deed of Trust and Trustee's interest therein, as required under the Ground Lease. Owner acknowledges receipt of copies of such documents pursuant to the Ground Lease. The notice address of Trustee to which notices must be sent under the Ground Lease and this Agreement is set forth in Section 19 of this Agreement.

6. Owner and Lessee each agrees that it shall not (a) alter, amend, change, extend or modify any provision contained in the Ground Lease, (b) waive or consent to a waiver of any of its rights and benefits thereunder, or (c) cancel, release, surrender or terminate the same (whether pursuant to agreement or any right of election granted under the Ground Lease or otherwise), except in accordance with the requirements of the Indenture, and any purported attempt by Owner or Lessee to effectuate any of the foregoing except in compliance therewith shall be void.

7. If Lessee shall default in the performance or observance of any term, covenant or condition of the Ground Lease on the part of Lessee to be performed or observed, then, without limiting the generality of the other provisions of this Agreement, and without waiving or releasing Lessee from any of its obligations hereunder, Trustee shall have all rights and/or benefits accruing to the tenant under the Ground Lease in connection with any such default, including, without limitation, any and all notice and cure rights arising under Section 6.2 of the Ground Lease to cure such default and/or commence foreclosure proceedings to avoid a termination of the Ground Lease. In the event that the breach or default by Lessee is of a nature which is not curable by Trustee, any such breach or default shall be waived by Owner so long as Trustee is curing or using its diligent efforts to cure any curable defaults pursuant to Section 6.2 of the Ground Lease, and Owner hereby agrees to grant to Trustee such time as is necessary to gain control of the Land pursuant to Section 6.2 of the Ground Lease.

8. Notwithstanding any other provision hereof or in the Ground Lease or Facilities Lease, unless the Bonds have been paid in full, Owner shall not terminate the Ground Lease or the Facilities Lease prior to the end of the Term; provided that, in the event the Ground Lease nevertheless terminates, or is rejected in bankruptcy or by the debtor in possession or a trustee-in-bankruptcy, upon Trustee's request, Owner hereby agrees to execute a new Ground Lease with Trustee on the same terms and conditions as the Ground Lease, which new lease shall be fully assignable by Trustee without the consent of Owner. Trustee and any person designated by Trustee shall have, and are hereby granted, the right to enter upon the Land at any time and from time to time for the purpose of taking any cure action as described herein or in the Ground Lease. Owner shall

deliver a copy of any petition filed under the Bankruptcy Code by Owner or Lessee to Trustee. Owner shall promptly deliver to Trustee following receipt, copies of any and all notices, summonses, pleadings, applications and other documents received by Owner in connection with any such petition and any proceedings relating thereto.

9. In the event that Trustee or any purchaser at a foreclosure sale, or assignee thereof, succeeds to the rights of Lessee in and to the Ground Lease pursuant thereto or otherwise, notwithstanding anything to the contrary in the Ground Lease, the liability of Trustee or any such purchaser or assignee thereof to Owner with respect to the Ground Lease shall be limited to the value of such entity's or person's interest in the Land.

10. The rejection of the Ground Lease by the Owner's trustee-in-bankruptcy shall not affect or impair this Agreement or Trustee's rights under the Ground Lease or Lessee's possession of the Land. This Agreement specifically attaches to Lessee's right to use and possession of the Land if a trustee-in-bankruptcy of the Owner rejects the Ground Lease. Lessee shall not treat the Ground Lease as terminated by reason of the bankruptcy of the Owner or under Subsection 365(h)(1) of the Bankruptcy Code without the Trustee's prior written consent, and any such termination without Trustee's prior written consent shall be null, void and of no force or effect. Trustee shall have the right to proceed in its own name or in the name of Lessee in respect of any claim, suit, action or proceeding relating to the rejection of the Ground Lease, including, without limitation, the right to file and prosecute, to the exclusion of Lessee, any proofs of claim, complaints, motions, applications, notices and other documents, in any case regarding Owner under the Bankruptcy Code, and all of such rights are hereby assigned by Lessee to Trustee. Any amounts received by Trustee as damages arising out of the rejection of the Ground Lease as aforesaid shall be applied by Trustee in such order of priority as Trustee determines in its sole and absolute discretion, to the obligations of Lessee under the Indenture.

11. Trustee will have the right to appear in and participate in all proceedings, including any arbitration proceedings, which could affect Trustee's use or possession of the Land or the provisions of the Ground Lease in the event it should foreclose the Deed of Trust or which relate to the leasehold interest of Lessee under the Ground Lease or any sublease. Lessee shall promptly provide notice of any such proceeding to Trustee.

12. Owner represents and warrants that no lien or encumbrance (whether for borrowed money or otherwise) exists on the fee interest in the Land, except as set forth in the title commitment (file no. 01911427) issued by Commonwealth Land Title Company. Owner and Lessee represent and warrant to Trustee that no lien or encumbrance (whether for borrowed money or otherwise) exists on the Land which, if foreclosed or realized upon, could defeat, terminate or otherwise extinguish the Ground Lease.

13. In the event that Trustee determines from time to time in good faith that receipt of an estoppel certificate is necessary or appropriate, then promptly (but in no event

less than fifteen (15) days after such written request), all parties hereto shall deliver to Trustee an estoppel certificate relating to the Ground Lease in form and substance reasonably satisfactory to Trustee and containing such information as Trustee may reasonably require.

14. No consent of any party to the Ground Lease is required as a condition precedent to the exercise by Trustee of any of its rights and remedies under the Indenture, the Deed of Trust, the Assignment of Leases or any other document that secures the obligations of the Lessee under the Indenture.

15. Nothing contained herein in this Agreement shall constitute Trustee as a joint venturer or partner of the Owner or the Lessee.

16. This Agreement shall not be amended except by written instrument signed by all parties hereto.

17. This Agreement may be executed in any number of counterparts, each of which shall be an original and all of which together shall constitute but one original.

18. This Agreement shall be binding on the parties hereto and their respective successors and assigns and shall inure to the benefit of Trustee and its successors and assigns. This Agreement shall remain in full force and effect until (i) the Bonds have been paid or defeased in full, (ii) all obligations owing to Trustee under the Indenture have been fully paid and/or performed in full, or (iii) the acquisition by Trustee or its nominee or any purchaser at foreclosure sale of title to the Premises pursuant to a foreclosure or deed in lieu of foreclosure of the Deed of Trust, or the exercise of the power of sale contained in the Deed of Trust.

19. All notices required or permitted under this Agreement shall be in writing and shall be given to the parties as follows:

Lessee: Los Angeles County Facilities 2 Inc.  
c/o Public Facilities Group  
1700 Seventh Avenue  
Suite 2100, PMB 552  
Seattle, Washington 98101  
Attention: John Finke, President

Owner: County of Los Angeles  
Chief Executive Office – Real Estate Division  
320 West Temple Street, 7<sup>th</sup> Floor  
Los Angeles, California 90012  
Attention: Senior Manager

With copies to: Office of the County Counsel  
County of Los Angeles  
500 West Temple Street, 6<sup>th</sup> Floor  
Los Angeles, California 90012-2932  
Attention: Behnaz Tashakorian

Chief Executive Office – Capital Projects  
County of Los Angeles  
500 West Temple Street, Room 713  
Los Angeles, California 90012  
Attention: Assistant Chief Executive Officer

Treasurer and Tax Collector – Public Finance  
County of Los Angeles  
500 West Temple Street, Room 432  
Los Angeles, California 90012  
Attention: Assistant Treasurer and Tax Collector

Trustee: U.S. Bank Trust Company, National Association  
U.S. Bank Tower  
633 West 5<sup>th</sup> Street, 24<sup>th</sup> Floor  
Los Angeles, California 90071  
Attention: Global Corporate Trust Services

Any such notices shall be either (a) sent by certified mail, return receipt requested, in which case notice shall be deemed delivered three business days after deposit, postage prepaid in the U.S. mail, or (b) sent by a nationally recognized overnight courier, in which case notice shall be deemed delivered one business day after deposit with such courier; or (c) served personally, in which case notice shall be deemed given on the date of such service, or [(d) delivered by facsimile transmission followed by delivery by personal service or nationally recognized courier service on the next business day after facsimile transmission, in which case notice shall be deemed to have been given on the date of facsimile transmission]. The above addresses may be changed by written notice to the other parties; provided that no notice of a change of address shall be effective until actual receipt of such notice.

20. This Agreement shall be governed by and construed in accordance with the laws of the State of California without giving effect to the conflict of law principles of said State. In the event any action is brought under this Agreement, the parties agree that venue shall lie exclusively in the courts of the County of Los Angeles, California.

IN WITNESS WHEREOF, the parties hereto have caused this Ground Lessor Consent, Estoppel, Recognition and Non-Disturbance Agreement to be executed as of the day and year first above written.

**LESSEE:**

LOS ANGELES COUNTY FACILITIES 2  
INC., a California nonprofit public benefit  
corporation

By: \_\_\_\_\_  
Name: John Finke  
Its: President

**OWNER:**

COUNTY OF LOS ANGELES, a political  
subdivision of the State of California

By: \_\_\_\_\_  
Name: FESIA A. DAVENPORT  
Its: Chief Executive Officer

**ATTEST:**

DEAN C. LOGAN  
Register-Recorder/County Clerk

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: Deputy \_\_\_\_\_

**TRUSTEE:**

U.S. BANK TRUST COMPANY,  
NATIONAL ASSOCIATION, as bond trustee  
under the Indenture

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_



**CALIFORNIA CERTIFICATE OF ACKNOWLEDGMENT**

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

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

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

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.

\_\_\_\_\_  
Notary Public Signature (Notary Public Seal)

**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: \_\_\_\_\_

**CAPACITY CLAIMED BY THE SIGNER**

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

**SIGNER IS REPRESENTING:** Los Angeles County Facilities 2 Inc., a California nonprofit public benefit corporation

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

**CALIFORNIA CERTIFICATE OF ACKNOWLEDGMENT**

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

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

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WITNESS my hand and official seal.

\_\_\_\_\_  
Notary Public Signature

(Notary Public Seal)

**Additional Optional Information\***

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**CAPACITY CLAIMED BY THE SIGNER**

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

**SIGNER IS REPRESENTING:** County of Los Angeles, a political subdivision of the State of California

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

**CALIFORNIA CERTIFICATE OF ACKNOWLEDGMENT**

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

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

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

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.

\_\_\_\_\_  
Notary Public Signature

(Notary Public Seal)

**Additional Optional Information\***

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Individual  
 Corporate Officer: \_\_\_\_\_  
(Title)

- Partner (Limited)
- Partner (General)
- Attorney-in-Fact
- Trustee
- Guardian/Conservator
- Other:

**SIGNER IS REPRESENTING:** U.S. Bank Trust Company, National Association

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

**EXHIBIT A**

Legal Description

All that certain real property situated in the County of Los Angeles, State of California, described as follows:

[to come]

ND: 22868.003 4873-1910-3166v2

# **ENCLOSURE J**

## ISSUER FEE AND GOVERNANCE AGREEMENT

This Issuer Fee and Governance Agreement (“Agreement”) is entered into as of the \_\_\_\_ day of \_\_\_\_\_, 2024, by and among the County of Los Angeles, California, a body corporate and politic (the “County”), Los Angeles County Facilities 2 Inc., a California nonprofit public benefit corporation (“LACF2”), and Public Facilities Group, a Washington nonprofit corporation (“PFG”).

### RECITALS

A. The County and LACF2 are parties to a Ground Lease Agreement dated of even date herewith (the “Ground Lease”), and a Facilities Lease Agreement dated of even date herewith (the “Facilities Lease” and, together with the Ground Lease, the “Agreements”), relating to certain real property (the “Property”) owned by the County in the city of Los Angeles, the addresses of which are 550 South Vermont Avenue and 3175 West 6th Street.

B. Pursuant to the Agreements, LACF2 has undertaken to ground lease the Property from the County, to construct thereon a renovated and expanded office building and certain ancillary improvements (the “Project” as defined in the Facilities Lease), and to lease the completed Project to the County to serve as office space and related ancillary facilities for various County departments, commissions and staff. The Project is to be developed pursuant to a Development Agreement between LACF2 and TC LA Development, Inc. (“Developer”) dated of even date herewith (the “Development Agreement”).

C. LACF2 will finance the construction of the Project with proceeds of tax-exempt bonds to be issued by LACF2 on behalf of the County pursuant to Revenue Ruling 63-20 and Revenue Procedure 82-26 of the U.S. Treasury (the “Bonds”). The Bonds will be issued under an Indenture of Trust (the “Indenture”) between LACF2 and U.S. Bank Trust Company, National Association, as bond trustee (the “Trustee”).

D. PFG is the sole member of LACF2.

E. In connection with the development of the Project and the issuance of the Bonds, the parties hereto wish to provide for certain matters, as set forth below.

### AGREEMENTS

For good and valuable consideration, the parties hereto agree as follows:

1. Project Fee. The County and LACF2 have agreed that, upon issuance of the Bonds, LACF2 will receive a fee from the proceeds of the Bonds (the “LACF2 Fee”). The County and LACF2 hereby confirm and agree that the amount of the LACF2 Fee shall be one percent (1%) of the gross proceeds from the sale of the Bonds (including original issue premium, if any), and that such LACF2 Fee shall be a Project cost to be paid out of the Project Fund established under the Indenture. The LACF2 Fee shall be disbursed to LACF2 by the Trustee in full at closing of the sale of the Bonds.

2. Replacement of PFG as Sole Member of LACF2. The parties agree that the County shall have the right, under the circumstances described herein, to cause PFG to be replaced as the sole member of LACF2.

2.1. *Right to Replace PFG Prior to Expiration of the Warranty Period.* Prior to expiration of the Warranty Period (as defined below), the County shall have the right, upon written notice to LACF2 and PFG, upon the occurrence of a For Cause Event (as defined below) to require that PFG be replaced as the sole member of LACF2 by the County or its designee.

2.2. *Right to Replace PFG Following Expiration of the Warranty Period.* Following expiration of the Warranty Period, the County shall have the right, upon at least sixty (60) days' prior written notice to LACF2 and PFG, to require that PFG be replaced as the sole member of LACF2 by the County or its designee, regardless of whether or not a For Cause Event has occurred.

2.3. *Amendment of Articles and Bylaws.* PFG and LACF2 agree that, upon receipt of the notice described in Sections 2.1 and 2.2, they shall cause the Articles of Incorporation and Bylaws of LACF2 to be amended so as to remove PFG as the sole member of LACF2 and substitute in its place the County or the County's designee. PFG and LACF2 agree to take any further actions reasonably requested by the County to accomplish the purposes of this Section 2, so long as such actions do not require PFG or LACF2 to incur any additional costs or liabilities.

2.4. *Definition of "Warranty Period".* For purposes of this Section 2, "Warranty Period" shall mean the period from the date of this Agreement to the date that is one (1) year following Substantial Completion of the Project (as defined in the Facilities Lease).

2.5. *Definition of "For Cause Event".* For purposes of this Section 2, "For Cause Event" shall mean any of the following:

- (a) Any officer or director of LACF2 is convicted of, or pleads guilty or *nolo contendere* to, (i) crimes involving fraud, misappropriation and embezzlement, or (ii) a felony;
- (b) The officers, collectively, of LACF2 are absent from, or do not substantially perform their usual duties for, LACF2 for any continuous thirty (30) day period or for more than sixty (60) days in any 365-day period;
- (c) LACF2 misappropriates Bond funds, otherwise acts fraudulently, commits willful misconduct, or is reckless or grossly negligent in the performance of its duties under the Ground Lease, Facilities Lease, Development Agreement or Construction Contracts (as defined in the Facilities Lease);
- (d) (i) LACF2 materially breaches its obligations under the Ground Lease, Facilities Lease, Development Agreement or Construction Contracts; (ii) such breach has a material adverse effect on the construction of the Project; and (iii) LACF2 either fails to cure such breach within thirty (30) days after its receipt of written notice thereof from the County or, if such breach is incapable of being cured within such thirty (30) day period, fails to continue to use its best efforts to cure such breach;

(e) a court of competent jurisdiction enters an order or decree as a result of which PFG is effectively prohibited or enjoined from performing its responsibilities as the member of LACF2; or

(f) PFG or LACF2 (i) files a petition under any federal or state law concerning bankruptcy, reorganization, insolvency or relief from creditors, or if such a petition is filed against PFG or LACF2 without its consent, it is not dismissed within sixty (60) days; or (ii) consents to the appointment of a receiver, trustee, liquidator or custodian with respect to PFG or LACF2 (as applicable), or a receiver, trustee, liquidator or custodian is appointed with respect to PFG or LACF2 and such appointment is not terminated within sixty (60) days.

2.6. *Limitations.* Notwithstanding any provision hereof to the contrary, no replacement of PFG as the member of LACF2 shall occur (a) unless and until LACF2 receives an opinion of nationally recognized bond counsel that such replacement will not adversely affect the tax-exempt character of the Bonds, or (b) if LACF2 reasonably determines that such replacement will adversely affect LACF2's status as a 501(c)(3) corporation. Furthermore, nothing herein shall limit the right of LACF2 or PFG to contest, by appropriate legal action, the County's determination that a For Cause Event has occurred.

3. Miscellaneous.

3.1. *Counterparts.* This Agreement may be executed in counterparts.

3.2. *Binding Effect.* This Agreement shall be binding upon, and inure to the benefit of, the parties and their respective successors and assigns.

3.3. *Amendment.* This Agreement may be amended or modified only in writing, executed by the party or parties intended to be bound thereby.

3.4. *Entire Agreement.* This Agreement sets forth the entire agreement of the parties as to the subject matter hereof and supersedes all prior discussions and understandings between them.

3.5. *Governing Law.* This Agreement shall be governed by and construed in accordance with the laws of the state of California.

Executed as the date first written.

COUNTY OF LOS ANGELES

By: \_\_\_\_\_  
Name: FESIA A. DAVENPORT  
Title: Chief Executive Officer



LOS ANGELES COUNTY FACILITIES 2 INC.

By \_\_\_\_\_

PUBLIC FACILITIES GROUP

By \_\_\_\_\_

# **ENCLOSURE K**

This Preliminary Official Statement and the information contained herein are subject to completion or amendment without notice. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities, in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

**IDW Draft – 5/17/24**

**PRELIMINARY OFFICIAL STATEMENT DATED \_\_\_\_\_, 2024**

**NEW ISSUE – BOOK-ENTRY ONLY**

**Ratings: S&P – “\_\_\_”  
Fitch – “\_\_\_”  
(See “RATINGS”)**

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Issuer, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that interest on the Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. See “TAX MATTERS.”

**[/Par]\*  
LOS ANGELES COUNTY FACILITIES 2 INC.  
Lease Revenue Bonds, Series 2024  
(Vermont Corridor Site 2)**

**Dated: Date of Delivery**

**Due: December 1, as shown on the inside front cover.**

Los Angeles County Facilities 2 Inc. (the “Issuer”), a California nonprofit public benefit corporation and an organization described under Section 501(c)(3) of the Code, is issuing its [/Par]\* Lease Revenue Bonds, Series 2024 (Vermont Corridor Site 2) (“Bonds”). The Bonds are being issued on behalf of the County of Los Angeles, California (the “County”) pursuant to an Indenture of Trust dated as of [As of Date] (the “Indenture”) by and between the Issuer and U.S. Bank Trust Company, National Association. The Issuer is issuing the Bonds in accordance with the guidelines set forth in Revenue Ruling 63-20 of the U.S. Treasury, as amended and updated by Revenue Procedure 82-26 of the U.S. Treasury, relating to the issuance of tax-exempt obligations on behalf of a political subdivision for the purpose of financing governmental facilities.

The Bonds will be delivered in fully-registered form only, and when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the Bonds. Ownership interests in the Bonds may be purchased in book-entry form only in denominations of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their interest in the Bonds purchased. The Bonds will bear interest from their date of delivery, payable semi-annually on each June 1 and December 1, beginning on [First Interest Payment Date]. Principal of and interest and redemption premium, if any, on the Bonds will be paid by the Trustee to DTC or its nominee, which will in turn remit such payments to its Participants (defined herein) for subsequent disbursement to the Beneficial Owners of the Bonds. See APPENDIX F – “Book-Entry Only System” attached hereto.

The Bonds are subject to acceleration and redemption prior to maturity as provided herein. However, the County’s obligation to pay Base Rent (“Base Rent”) under the Facilities Lease (as defined below) in an amount sufficient to pay principal of and interest on the Bonds is not subject to acceleration.

The proceeds of the Bonds will be used by the Issuer to (1) finance or refinance costs of designing, developing, permitting, and constructing improvements and installing furniture, fixtures and equipment on a site (located at 550 South Vermont Avenue and 3175 West 6th Street in the City of Los Angeles, California (the “Land”)) owned by the County and leased to the Issuer pursuant to a ground lease, consisting of (i) renovation and expansion of the existing office building comprised of (a) approximately 154,793 gross square feet of existing space renovated to Class A office space, including two ground floor retail spaces of approximately 1,000 square feet each, (b) an extension of the existing building floorplates to include an additional approximately 88,340 gross square feet of new Class A office space, for a total of approximately 243,133 gross square feet of Class A office space, (c) approximately 12,050 gross square feet of renovated subterranean back-of-house support space, and (d) an elevated pedestrian walkway connecting the existing office building to the terrace level of the neighboring office building commonly known as 510 South Vermont Avenue ((a), (b), (c) and (d) collectively, the “Office Building”), (ii) the installation of approximately 10 surface parking spots and landscaping located on the Land; and (iii) demolition of the existing 52,000 square foot former Department of Workforce Development, Aging and Community Services headquarters and adjacent two-story parking structure located on the Land, all to serve as office space and related ancillary facilities for various County departments, commissions and staff (collectively, the “Project”), (2) fund capitalized interest on the Bonds through the construction period, as described herein, and (3) pay costs of issuance of the Bonds.

The Issuer has agreed to lease to the County the Office Building, surface parking, landscaping and such other improvements as may be located on the Land from time to time (together with the Issuer’s leasehold interest in the Land, the “Premises”), pursuant to a Facilities Lease Agreement, dated as of [As of Date] (the “Facilities Lease”), by and between the Issuer, as the lessor, and the County, as the lessee. The County is obligated under the Facilities Lease to begin paying Base Rent upon Substantial Completion of the Project. The County has covenanted in the Facilities Lease to take such action as may be necessary to include the payment of all Base Rent and certain additional rent (collectively, “Rent”) due thereunder in its annual budget and to make the necessary annual appropriations for the payment of such Rent, subject to the provisions of the Facilities Lease. The Facilities Lease will expire on the earlier of (a) the date of final maturity of the Bonds, (b) the date that the Bonds are no longer Outstanding under the Indenture and the Premises have been conveyed by the Issuer to the County pursuant to the Facilities Lease, or (c) the date on which the Facilities Lease terminates in accordance with its terms.

The Bonds are special, limited obligations of the Issuer payable solely and secured solely as provided in the Indenture and the Other Documents (as described herein), primarily by the Trust Estate (as defined herein) as provided in the Indenture. The Issuer is a single-purpose entity, is not a governmental unit, and has no taxing power. The Issuer has no source of funds available to pay debt service on the Bonds other than the Trust Estate. The primary source of revenues anticipated to be received by the Issuer and included within the Trust Estate is Base Rent to be received from the County under the Facilities Lease.

**The obligation of the County to pay the Base Rent does not constitute a debt of the County or of the State of California (the “State”) or of any political subdivision thereof in contravention of any constitutional or statutory debt limit or restriction, and does not constitute an obligation for which the County or the State is obligated to levy or pledge any form of taxation or for which the County or the State has levied or pledged any form of taxation. The Bonds shall be special obligations of the Issuer, payable solely from the Base Rent and the other**

\* Preliminary, subject to change.

**assets pledged therefor under the Indenture. Neither the faith and credit nor the taxing power of the County or the State, or any political subdivision thereof, is pledged to the payment of the Bonds. The Issuer has no taxing power and has no obligation to pay Base Rent.**

*This cover page contains certain information for quick reference only. It is not a summary of the terms of or security for the Bonds. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.*

The Bonds are offered when, as and if issued and delivered by the Issuer and received by the Underwriters, and are subject to approval of legality by Orrick, Herrington & Sutcliffe LLP, Los Angeles, California, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the Issuer by Hillis Clark Martin & Peterson P.S., Seattle, Washington, and Glaser Weil Fink Howard Avchen & Shapiro LLP, Los Angeles, California, for the County by the County Counsel's Office, Loeb and Loeb, LLP, and Hawkins Delafield & Wood LLP, Disclosure Counsel, and for the Underwriters by their counsel, Katten Muchin Rosenman LLP, New York, New York. It is anticipated that the Bonds will be available for delivery through the facilities of DTC in New York, New York on or about August \_\_, 2024.

**Barclays**  
**[To come]**

Dated: [\_\_\_\_], 2024

**MATURITY SCHEDULE\***

**LOS ANGELES COUNTY FACILITIES 2 INC.**  
**Lease Revenue Bonds, Series 2024**  
**(Vermont Corridor Site 2)**

<u>Due (December 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP<sup>†</sup></u>	<u>Due (December 1)</u>	<u>Principal Amount</u>	<u>Interes t Rate</u>	<u>Yield</u>	<u>CUSIP<sup>†</sup></u>
	\$	%	%			\$	%	%	

\$\_\_\_\_\_ % Term Bonds due December 1, 20\_\_; Yield – \_\_\_\_% CUSIP<sup>†</sup>: 54531F\_\_

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\* Preliminary, subject to change.

<sup>†</sup> CUSIP® is a registered trademark of The American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of The American Bankers Association by FactSet Research Systems Inc. Copyright© 2024 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the Issuer, the County, the Underwriters or their respective agents or counsel assume responsibility for the accuracy of such numbers.

**LOS ANGELES COUNTY FACILITIES 2 INC.**

***Board of Directors and Officers***

John Finke	Chairman of the Board of Directors and President
Erin Birkenkopf	Director, Vice President, Secretary and Treasurer
Matt Calcavecchia	Director and Vice President

**COUNTY OF LOS ANGELES**

***Board of Supervisors***

Lindsey P. Horvath	Third District (Chair)
Hilda L. Solis	First District
Holly J. Mitchell	Second District
Janice Hahn	Fourth District
Kathryn Barger	Fifth District
Edward Yen,	Executive Officer-Clerk Board of Supervisors

***County Officials***

Fesia A. Davenport	Chief Executive Officer
Dawyn R. Harrison	County Counsel
Elizabeth Buenrostro Ginsberg	Treasurer and Tax Collector
Oscar Valdez	Auditor-Controller

**BOND COUNSEL**

Orrick, Herrington & Sutcliffe LLP  
Los Angeles, California

**DISCLOSURE COUNSEL**

Hawkins Delafield & Wood LLP  
Los Angeles, California

**MUNICIPAL ADVISOR**

Montague DeRose and Associates, LLC  
Westlake Village, California

**TRUSTEE**

U.S. Bank Trust Company, National Association  
Los Angeles, California

**DEVELOPER**

TC LA Development, Inc.  
El Segundo, California

No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by the County or the Issuer. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement which involve estimates, projections, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of facts.

The information set forth in this Official Statement has been obtained from the Issuer and the County, and other sources that are believed by the Issuer and the County to be reliable. The information and expressions of opinion herein are subject to change without notice and neither delivery of this Official Statement nor any sale of the Bonds made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County or the Issuer since the date hereof. All summaries of the documents and laws are made subject to the provisions thereof and do not purport to be complete statements of any or all such provisions. Preparation of this Official Statement and its distribution have been duly authorized and approved by the County and the Issuer.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements.” Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “budget” or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involves known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Although such expectations reflected in such forward-looking statements are believed to be reasonable, there can be no assurance that such expectations will prove to be correct. Neither the County nor the Issuer is obligated to or plans to issue any updates or revisions to the forward-looking statements if or when their respective expectations, or events, conditions or circumstances on which such statements are based, occur.

The County maintains a website. However, the information presented there is not part of this Official Statement and should not be relied upon in making an investment decision with respect to the Bonds.

**IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITERS MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS, INSTITUTIONAL INVESTORS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE HEREOF AND SUCH PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.**

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## OFFICIAL STATEMENT

\$[Par]\*  
**LOS ANGELES COUNTY FACILITIES 2 INC.**  
**Lease Revenue Bonds, Series 2024**  
**(Vermont Corridor Site 2)**

### INTRODUCTION

#### General

This Official Statement, including the cover page, the inside cover page and the appendices attached hereto (this “Official Statement”), provides certain information concerning the sale and issuance by Los Angeles County Facilities 2 Inc. (the “Issuer”), a California nonprofit public benefit corporation and an organization described under Section 501(c)(3) of the Internal Revenue Code of 1986, (the “Code”), of its \$[Par]\* Lease Revenue Bonds, Series 2024 (Vermont Corridor Site 2) (the “Bonds”). The Bonds are being issued on behalf of the County of Los Angeles, California (the “County”) pursuant to an Indenture of Trust dated as of [As of Date] (the “Indenture”) by and between the Issuer and U.S. Bank Trust Company, National Association. The Issuer is issuing the Bonds in accordance with the guidelines set forth in Revenue Ruling 63-20 of the U.S. Treasury, as amended and updated by Revenue Procedure 82-26 of the U.S. Treasury, relating to the issuance of tax-exempt obligations on behalf of a political subdivision for the purpose of financing governmental facilities. Capitalized terms used and not otherwise defined herein shall have the meanings ascribed thereto in the Indenture, the Ground Lease, the Facilities Lease or the Development Agreement, as applicable. See APPENDIX C – “FORMS OF PRINCIPAL LEGAL DOCUMENTS.”

The proceeds of the Bonds will be used by the Issuer to (1) finance or refinance costs of designing, developing, permitting, and constructing improvements and installing furniture, fixtures and equipment on a site (located at 550 South Vermont Avenue and 3175 West 6th Street in the City of Los Angeles, California (the “Land”)) owned by the County and leased to the Issuer pursuant to a ground lease, consisting of (i) renovation and expansion of the existing office building comprised of (a) approximately 154,793 gross square feet of existing space renovated to Class A office space, including two ground floor retail spaces of approximately 1,000 square feet each, (b) an extension of the existing building floorplates to include an additional approximately 88,340 gross square feet of new Class A office space, for a total of approximately 243,133 gross square feet of Class A office space, (c) approximately 12,050 gross square feet of renovated subterranean back-of-house support space, and (d) an elevated pedestrian walkway connecting the existing office building to the terrace level of the neighboring office building commonly known as 510 South Vermont Avenue ((a), (b), (c) and (d) collectively, the “Office Building”), (ii) the installation of approximately 10 surface parking spots and landscaping located on the Land; and (iii) demolition of the existing 52,000 square foot former Department of Workforce Development, Aging and Community Services headquarters and adjacent two-story parking structure located on the Land, all to serve as office space and related ancillary facilities for various County departments, commissions and staff (collectively, the “Project” and, together with the Land and such other improvements as may be located on the Land from time to time, the “Premises”), (2) fund capitalized interest on the Bonds through the construction period, as described herein, and (3) pay costs of issuance of the Bonds. See “THE PROJECT.”

The County will lease the Land to the Issuer and the Issuer will lease the same from the County upon and subject to the conditions set forth in the Ground Lease Agreement, dated as of [As of Date] (the “Ground Lease”), by and between the County, as ground lessor, and the Issuer, as ground lessee. Unless extended pursuant to its terms, the Ground Lease will terminate on (a) the date of final maturity of the Bonds, and (b) the date that the Bonds are no longer Outstanding under the Indenture and the Premises have been conveyed by the Issuer to

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\* Preliminary, subject to change.

the County pursuant to the Facilities Lease (as hereafter defined). See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Deed of Trust and Other Security Documents” herein.

The Issuer will lease back the Premises to the County and the County will lease back the Premises from the Issuer upon and subject to the conditions set forth in the Facilities Lease dated as of [As of Date] (the “Facilities Lease”), by and between the County, as tenant, and the Issuer, as landlord. Pursuant to the terms of the Facilities Lease, the County will not be entitled to occupy the Premises, and will not be obligated to pay Rent, until the date of Substantial Completion of the Project, being the “Rent Commencement Date.” Pursuant to the Facilities Lease, the County shall pay Base Rent (as set forth in the Schedule of Base Rent attached as Exhibit B to the Facilities Lease, “Base Rent”) to the Trustee without deduction, offset, prior notice or demand in advance of the Rent Commencement Date and thereafter in advance of each June 1 and December 1 (each a “Rent Payment Date”) throughout the term of the Facilities Lease. Base Rent, together with amounts of capitalized interest prior to the Rent Commencement Date, will be used to pay debt service on the Bonds. The Facilities Lease further provides that the Project will be delivered to the County in Turnkey Condition (as defined in the Facilities Lease).

The Issuer has entered into a Development Agreement, dated as of [As of Date] (the “Development Agreement”), by and between Issuer and TC LA Development, Inc., a Delaware corporation (the “Developer”), to develop, oversee and manage the design, permitting and construction phases of the Project in accordance with the terms and conditions of the Development Agreement.

This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The sale and delivery of Bonds to potential investors is made only by means of this Official Statement.

### **The Issuer**

The Issuer is a California nonprofit public benefit corporation organized in March 2019 under the Nonprofit Public Benefit Corporation Law of the State (Corporations Code Sections 5110 *et seq.*) exclusively to issue the Bonds as an “on-behalf-of issuer” and enter into and fulfill its obligations under the Development Agreement, the Ground Lease, the Facilities Lease, the Deed of Trust and the Indenture, and engage in other activities necessary or desirable in connection with the Project or incidental to the Project. The Issuer is a single-purpose entity, is not a governmental unit, and has no taxing power. The Issuer has no source of funds to pay debt service on the Bonds other than the Trust Estate pledged under the Indenture. See “THE ISSUER.”

### **The County**

The County is located in the southern coastal portion of the State of California (the “State”) and covers 4,083 square miles. The County was established under an act of the State Legislature on February 18, 1850. It is the most populous county in the nation and, in terms of population, is larger than 40 states. The economy of the County is diversified and includes manufacturing, technology, world trade, financial services, motion picture and television production, agriculture and tourism. For certain financial, economic and demographic information with respect to the County, see APPENDIX A – “COUNTY OF LOS ANGELES INFORMATION STATEMENT” and APPENDIX B – “COUNTY OF LOS ANGELES FINANCIAL STATEMENTS.”

### **Authorization**

The Bonds are being issued pursuant to the Nonprofit Public Benefit Corporation Law of the State (Corporations Code Sections 5110 *et seq.*) and the Public Leaseback Act of the State (Government Code Sections 54240 *et seq.*). The Issuer’s Board of Directors approved the Facilities Lease, and authorized the Issuer to issue the Bonds, by its resolution dated [Issuer Resolution Date]. By Ordinance No. [\_\_\_\_-\_\_\_\_] passed on

[Ordinance Passage Date], and effective [Ordinance Effective Date], the County's Board of Supervisors (the "Board of Supervisors") approved the Ground Lease and the Facilities Lease. The Board of Supervisors approved the issuance of the Bonds by the Issuer, the Project, the Indenture and various matters related thereto, and agreed to accept unencumbered title to the Premises upon retirement of the Bonds, by resolution adopted on [County Resolution Date].

### **Description of the Bonds**

The Bonds will be issued in denominations of \$5,000 and any integral multiple thereof within a maturity (the "Authorized Denominations"). The Bonds will be dated their date of delivery and are payable with respect to interest semi-annually each June 1 and December 1, commencing on [First Interest Payment Date].

The Bonds will be delivered in fully-registered form only, and when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. Ownership interests in the Bonds may be purchased in book-entry form only. Principal of and interest on the Bonds will be paid by the Trustee to DTC or its nominee, which will in turn remit such payments to its Participants (defined herein) for subsequent disbursement to the beneficial owners (the "Beneficial Owners") of the Bonds. See APPENDIX F – "BOOK-ENTRY ONLY SYSTEM."

The Bonds are subject to redemption prior to maturity, as described herein. See "THE BONDS – Redemption of the Bonds."

For a more complete description of the Bonds and the security therefor, see "THE BONDS," "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" and APPENDIX C – "FORMS OF PRINCIPAL LEGAL DOCUMENTS."

### **Security and Sources of Payment for the Bonds**

The Bonds are special, limited obligations of the Issuer payable solely and secured solely as provided in the Indenture, the Ground Lease, the Facilities Lease, the Deed of Trust (as described herein), the Development Agreement and certain other documents as set forth in the Indenture (collectively, the "Other Documents"), primarily by the Trust Estate (as defined herein) as provided in the Indenture. The Trust Estate pledged under the Indenture includes "Revenues" and all funds held by the Trustee under the Indenture, excluding the Rebate Fund and the Capital Repairs Fund. The primary source of Revenues anticipated to be received by the Issuer and included within the Trust Estate is Base Rent to be received from the County under the Facilities Lease. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Pledge of Trust Estate." Base Rent will be paid from general revenues of the County. The Bonds are not a debt or general obligation of the County. The Issuer is a single-purpose entity, is not a governmental unit, and has no taxing power. The Issuer has no source of funds available to pay debt service on the Bonds other than the Trust Estate.

Under the terms of the Facilities Lease, the County agrees to lease the Premises, including the Project thereon, for a term of approximately [Term of Bonds] years, subject to certain potential extensions or early termination events. The County is obligated under the Facilities Lease to pay Rent ("Rent") at the times and in the amounts specified therein. Rent includes (a) a Base Rent component sufficient to pay scheduled debt service on the Bonds, and (b) an additional rent component to cover all costs and expenses directly related to ownership, operation and maintenance of the Premises, including taxes and utilities, and various capital expenditures as further set forth in the Facilities Lease ("Additional Rent"). See "THE PROJECT." The Facilities Lease is an absolute net lease.

Pursuant to the Facilities Lease, the County shall pay Base Rent to the Trustee without deduction, offset, prior notice or demand in advance of the Rent Commencement Date and thereafter in advance of each Rent Payment Date throughout the term of the Facilities Lease. The County shall deposit with the Trustee each payment of Base Rent at least one (1) Business Day prior to the Rent Payment Date. The first Base Rent payment

that occurs on the Rent Commencement Date shall equal the prorated amount attributable to the period occurring between the Rent Commencement Date and the next following Rent Payment Date, and the last Base Rent payment shall equal the prorated amount attributable to the period occurring between the last Rent Payment Date and the Expiration Date. The County will also be obligated to pay Additional Rent, including “Operating Costs” (being any and all costs and expenses directly related to ownership, operation and maintenance of the Premises, as more particularly set forth in Section 5.2 of the Facilities Lease, but excluding Project Costs, Capital Expenditures and certain other items expressly excluded under Section 5.3 of the Facilities Lease), the Annual Capital Repair Reserve Payment and [Capital Expenditures and Alterations by Landlord] (each as defined in the Facilities Lease) following the Rent Commencement Date. The County has covenanted in the Facilities Lease to take such action as may be necessary to include the payment of all Rent due thereunder in its annual budget and to make the necessary annual appropriations for the payment of Rent, subject to the provisions of the Facilities Lease. The County’s obligation to pay Base Rent is subject to abatement (1) in the event that (a) the Premises are damaged or destroyed by fire or other casualty following the Rent Commencement Date or (b) a defect in the Issuer’s title occurs, either of which results in substantial interference with the County’s right to the use and occupancy of the Premises or (2) under certain circumstances following any partial taking of the Premises by Condemnation.

The term of the Facilities Lease commences on the Effective Date and expires on the earlier of (a) the final maturity date of the Bonds, (b) the date that the Bonds are no longer Outstanding under the Indenture and the Premises have been conveyed by the Issuer to the County pursuant to the Facilities Lease, or (c) the date on which the Facilities Lease terminates in accordance with its terms (any, as applicable, the “Expiration Date”). Notwithstanding the foregoing, if on the Expiration Date of the Facilities Lease, the total Base Rent otherwise payable under the Facilities Lease has not been fully paid as a result of an Abatement of Rent and the Bonds remain Outstanding, then, the term of the Facilities Lease shall be extended until the total Base Rent otherwise payable under the Facilities Lease shall be fully paid or such earlier time as the Bonds are no longer Outstanding; provided, however, that such extension shall not exceed ten (10) years. In the event of such an extension, the term of the Ground Lease will be deemed extended for the same period of time that the term of the Facilities Lease is extended.

The Facilities Lease is subject to early termination under certain circumstances. First, the Facilities Lease will terminate in the event that the County exercises its option to purchase the Premises and redeem or defease the Bonds. Second, under Section 20.1 of the Facilities Lease, the Facilities Lease is subject to termination upon the total condemnation of the Premises, and under Section 20.2.4 of the Facilities Lease, in the event of a partial taking of the Premises in which the County determines that restoration is not possible and no reasonable use can be made of the Premises by the County. Finally, the Facilities Lease is subject to termination in the event of underinsured damage to the Premises under certain circumstances following total destruction of the Premises. See “THE PROJECT – *Underinsured Damage*.”

The Issuer will also enter into the Construction Leasehold Deed of Trust, Security Agreement, Assignment of Leases, and Fixture Filing, dated as of [As of Date] (the “Deed of Trust”) for the benefit of the Trustee, and the Assignment of Leases and Cash Collateral, dated as of [As of Date] (the “Assignment of Leases”), from the Issuer to the Trustee, as additional security in favor of the Trustee. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Deed of Trust and Other Security Documents” for additional security agreements to be entered into in connection with the issuance of the Bonds.

**The obligation of the County to pay the Base Rent does not constitute a debt of the County or of the State or of any political subdivision thereof in contravention of any constitutional or statutory debt limit or restriction, and does not constitute an obligation for which the County or the State is obligated to levy or pledge any form of taxation or for which the County or the State has levied or pledged any form of taxation. The Bonds shall be special obligations of the Issuer, payable solely from the Base Rent and the other assets pledged therefor under the Indenture. Neither the faith and credit nor the taxing power of the County or the State, or any political subdivision thereof, is pledged to the payment of the Bonds. The Issuer has no taxing power and has no obligation to pay Base Rent.**

## The Project

Pursuant to and subject to the terms and conditions contained in the Development Agreement, the Developer has committed to oversee and manage the design, permitting, construction, furnishing and equipping phases of the Project for an amount not to exceed \$210 million (the “Fixed Price”), and to deliver the completed Project to the Issuer on or before [\_\_\_\_\_, 202\_\_] (the “Developer Obligation Date”); provided that the Developer Obligation Date may be extended for certain delays caused by the Issuer or unavoidable delays, as described herein and in the Development Agreement.

The Developer is responsible for managing the development and construction of the Project. The Issuer will enter into a guaranteed maximum/price] construction contract (the “Construction Contract”) between the Issuer and [Snyder Langston, a \_\_\_\_\_] (the “General Contractor”), the general contractor for the Project, or another qualified general contractor proposed by the Developer and approved by the Issuer with the County’s concurrence. The Construction Contract is required to include provisions for initiating, maintaining and providing supervision of safety precautions and programs in connection with the construction of the Project, and provisions for indemnification of claims arising out of the negligence or willful misconduct of such contractor and its employees, agents and sub-contractors. See “THE PROJECT – Construction of the Project.”

Under the Facilities Lease, the Issuer is obligated to diligently cause the Project to be designed, permitted and constructed in a good and workmanlike manner and delivered to the County upon achieving Substantial Completion of the Project by the date set forth in the Facilities Lease and in no event later than the Developer Obligation Date. The Issuer is obligated to use its best efforts to cause all Project Costs (as described further herein) not to exceed the Fixed Price; provided, however, that (i) the Issuer shall have no obligation to pay Project Costs in excess of the Fixed Price, and (ii) the County, whose only payment obligation hereunder is the payment of Rent and other amounts specifically set forth in the Facilities Lease and the Ground Lease, shall have no obligation for the payment of any Project Costs. To the extent of certain defaults by Developer under the Development Agreement which the Developer does not cure within the allotted cure period, the Development Agreement provides that the County then shall be deemed a third party beneficiary of the Development Agreement and may enforce the performance by the Developer of its obligations under the Development Agreement. **The County’s obligation to pay Base Rent commences on the Rent Commencement Date, which is the Substantial Completion Date, as defined in the Facilities Lease.** See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Base Rent; Abatement” and “THE PROJECT.”

## Additional Bonds

Pursuant to the Indenture, the Issuer may issue additional obligations payable from or secured by the Trust Estate at the direction of the County for the purpose of refunding all or a portion of the Bonds or for the purpose of financing the repair or replacement of tenant improvements to the Premises, with a security interest, pledge, or a lien on the Trust Estate on a parity with the security interest, pledge or lien thereon of the Bonds (“Additional Bonds”) upon compliance with certain conditions precedent as set forth in the Indenture. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Additional Bonds” and APPENDIX C – “FORMS OF PRINCIPAL LEGAL DOCUMENTS – INDENTURE – Additional Bonds.”

## Continuing Disclosure

Pursuant to the Indenture, the Issuer has covenanted to provide, or cause to be provided, by not later than April 1 following each fiscal year of the Issuer (currently June 30), commencing on April 1, 20[25] with respect to the fiscal year ended [June 30, 2024], to the Municipal Securities Rulemaking Board (“MSRB”) through its Electronic Municipal Market Access (“EMMA”) system certain annual financial information and operating data and, not later than ten Business Days after their occurrence, notice of certain enumerated events. These covenants have been made in order to assist the Underwriters (as defined herein) of the Bonds in complying with Rule 15c2-12 (the “Rule”) promulgated by the U.S. Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended. See “CONTINUING DISCLOSURE” and

## APPENDIX E – “CONTINUING DISCLOSURE UNDERTAKINGS OF THE ISSUER AND THE COUNTY – CONTINUING DISCLOSURE UNDERTAKING OF THE ISSUER.”

Pursuant to the Continuing Disclosure Certificate to be executed in connection with the issuance of the Bonds, the County has covenanted to provide, or cause to be provided, by not later than April 1 of each fiscal year, commencing on April 1, 2025 with respect to the fiscal year ended June 30, 2024, to the MSRB through its EMMA system certain annual financial information and operating data and, in a timely manner, notice of certain enumerated events. These covenants have been made in order to assist the Underwriters in complying with the Rule. See “CONTINUING DISCLOSURE” and APPENDIX E – “CONTINUING DISCLOSURE UNDERTAKINGS OF THE ISSUER AND THE COUNTY – FORM OF CONTINUING DISCLOSURE CERTIFICATE OF THE COUNTY.”

### **Certain Risk Factors**

Certain events could affect the ability of the Issuer to make debt service payments on the Bonds and the ability of the County to make the Base Rent when due. See “CERTAIN RISK FACTORS” for a discussion of certain factors that should be considered, in addition to other matters set forth herein, in evaluating an investment in the Bonds.

### **Other Information**

The descriptions herein of the Indenture, the Ground Lease, the Facilities Lease, the Development Agreement and any other agreements relating to the Bonds are qualified in their entirety by reference to such documents, and the descriptions herein of the Bonds are qualified in their entirety by the forms thereof and the information with respect thereto included in the aforementioned documents. See APPENDIX C – “FORMS OF PRINCIPAL LEGAL DOCUMENTS.”

The information and expressions of opinion herein speak only as of their date and are subject to change without notice. Neither the delivery of this Official Statement nor any sale made hereunder nor any future use of this Official Statement, under any circumstances, creates any implication that there has been no change in the affairs of the County or the Issuer since the date hereof.

The presentation of information, including tables of receipt of revenues, is intended to show recent historical information and is not intended to indicate future or continuing trends in the financial position or other affairs of the County or the Issuer. No representation is made that past experience, as it might be shown by such financial and other information, will necessarily continue or be repeated in the future.

## **THE PROJECT**

### **General**

The Project consists of the financing or refinancing of the costs of designing, developing, permitting, and constructing improvements and installing furniture, fixtures and equipment on a site (located at 550 South Vermont Avenue and 3175 West 6th Street in the City of Los Angeles, California) owned by the County and leased to the Issuer pursuant to the Ground Lease, consisting of (i) renovation and expansion of the existing office building comprised of (a) approximately 154,793 gross square feet of existing space renovated to Class A office space, including two ground floor retail spaces of approximately 1,000 square feet each, (b) an extension of the existing building floorplates to include an additional approximately 88,340 gross square feet of new Class A office space, for a total of approximately 243,133 gross square feet of Class A office space, (c) approximately 12,050 gross square feet of renovated subterranean back-of-house support space, and (d) an elevated pedestrian walkway connecting the existing office building to the terrace level of the neighboring office building commonly known as 510 South Vermont Avenue that is part of the Site 1 Project described below ((a), (b), (c), and (d) being previously defined as the “Office Building”), (ii) the installation of approximately 10 surface parking spots

("Surface Parking Spaces") and landscaping located on the Land; and (iii) demolition of the existing 52,000 square foot former Department of Workforce Development, Aging and Community Services headquarters and adjacent two-story parking structure located on the Land, all to serve as office space and related ancillary facilities for various County departments, commissions and staff. [Additional information, such as access to public transportation and expected completion date to come.]

The Project is the third of three related projects being undertaken by the County as part of its Vermont Corridor Development Plan (the "Vermont Corridor Development Plan"). The first project (the "Site 1 Project") consisted of the construction of a new office building located at 510 South Vermont Avenue with (i) approximately 468,000 gross square feet of Class A office space with ground floor retail space and public serving uses, and (ii) approximately 965 structured parking spaces, and a separate 10-story garage structure, located at 523 Shatto Place, containing approximately 768 parking spaces (the "Shatto Garage"), all to serve as the headquarters and office space for the County. The Site 1 Project utilized a development and financing structure similar to the structure described herein for the Project, using the proceeds of \$302,380,000 in tax-exempt and taxable bonds issued by Los Angeles County Facilities Inc., a California nonprofit corporation that is related by common management to the Issuer ("LACF"). The Site 1 Project was completed in October, 2021.

The second project, which was completed in 2023, consisted of the demolition of a County office building at 427-433 South Vermont Avenue and development of a six-story, 72-unit affordable housing complex with an approximately 13,200-square foot community center.

While the three projects are part of the Vermont Corridor Development Plan, only the Project will be financed with proceeds of the Bonds and only the Project will secure payment of the Bonds.

The Site 1 Project is adjacent to the Project, and it is anticipated that a number of agreements will be entered into among the affected parties of the Site 1 Project and the Project to facilitate development, construction and operation of the Project. First, the Issuer will enter into a parking agreement with LACF and the County, as tenant of the Site 1 Project, for the use of 600 parking spaces in the Shatto Garage by the County, as tenant of the Project. Second, the Issuer will enter an easement agreement with LACF and the County, as fee owner of the land underlying the Site 1 Project and tenant of the Site 1 Project, for the construction and operation of the elevated pedestrian walkway described above. Third, the County, as fee owner of the land underlying the Site 1 Project, will grant a permanent easement along the boundary of the Site 1 Project adjacent to the Project to construct, install, repair and replace electrical utilities serving the Project. Further, the Issuer will enter into a license agreement with LACF and the County allowing the Project to temporarily access the electrical supply available through the Site 1 Project during construction of the Project.

### **Construction of the Project**

***General Construction Contract.*** The Project will be constructed pursuant to the Construction Contract between the Issuer and Snyder Langston, the general contractor for the Project, or another qualified general contractor proposed by Developer and approved by the Issuer.

***Delivery of the Project for a Fixed Price.*** The Issuer will enter into the Development Agreement with the Developer, pursuant to which the Developer will develop, oversee and manage the design, permitting, construction, furnishing and equipping phases of the Project. The Development Agreement provides that the Developer warrants Substantial Completion of the Project (i) constructed in a good and workmanlike manner, (ii) in substantial accordance with the Contract Documents (consisting of the Construction Contract and other contracts as described in the Development Agreement, (iii) on or before the Developer Obligation Date, which may be extended as described below, (iv) for the Fixed Price (excluding any components of the Project that are not Project Costs), and (v) free and clear of all liens. Subject to the terms and conditions contained in the Development Agreement, Project Costs exceeding the Fixed Price shall be paid by Developer, with Developer depositing any required funds with Trustee pursuant to the Development Agreement. Fixed Price means an amount not to exceed \$210 million, being the total amount to be paid by Issuer for Project Costs. A detailed



description of Project Costs by line item and category is set forth under “Project Budget” below. “Project Costs” do not include and the Developer has no responsibility for (a) personal property of the County and any taxes thereon (which shall be paid by the County at its sole cost and expense); (b) “Owner Discretionary Costs” (being discretionary costs of the Issuer, as further described in the Development Agreement); (c) Costs Resulting from Owner-Caused Delay (being costs resulting from delays caused by the Issuer or the County, as further described in the Development Agreement); (d) any increase in the cost of the Project resulting from Issuer-initiated change orders; (e) real property taxes and assessments with respect to the Premises and the improvements thereon; and (f) Other Owner Costs (being other costs that are the responsibility of the Issuer or the County, as further described in the Development Agreement).

The Development Agreement provides that the Developer Obligation Date shall be extended for any delays resulting from the following: to the extent (i) issuance of the Bonds has not occurred on or before \_\_\_\_\_, 2024, (ii) the Issuer has not issued its Notice to Proceed on or before \_\_\_\_\_, 2024, (iii) of Owner-Caused Delays, or (iv) of Unavoidable Delays; provided, however, extensions due to Unavoidable Delays shall not exceed ninety (90) days. Notwithstanding the foregoing, if the Unavoidable Delay is a direct and unavoidable result of either (1) a casualty or condemnation subject to Section 21 of the Development Agreement or (2) the discovery of Hazardous Substances beneath the surface of the Premises, which existed but were unknown (or the location or extent of which were unknown based on the information in the Developer’s possession as of the effective date of the Development Agreement) to Developer as of the Effective Date, then the ninety (90) day limitation set forth in the immediately preceding sentence shall not apply.

***Developer’s Fee Payments and Incentives for Timely Completion.*** The Developer’s Fee under the Development Agreement is \$[Developer Fee], consisting of two and one-half percent (2.5%) of the Project Costs. Pursuant to the Development Agreement, the Developer is entitled to a portion of the Developer’s Fee based upon achievement of the Project milestones set forth below. If the hard costs incurred as of a date a milestone is achieved exceed the budgeted percentage of hard costs, as set forth below, after application of the Project Contingency, the Developer is not entitled to draw that portion of its Developer’s Fee equal to such excess until the next milestone is achieved, and then only if the hard costs incurred as of such milestone do not exceed the budgeted percentage of hard costs to be incurred by such milestone date after application of the Project Contingency. Any unpaid portion of the Developer’s Fee shall be paid with the final payment.

<b>Project Completion Milestones</b>	<b>Cumulative Percentage of Developer’s Fee Payable</b>
Upon commencement of construction	10.0%
25%*	20.0
50%*	35.0
75%*	50.0
Substantial Completion of the Project	90.0
Final Acceptance	97.5
LEED Certification	100.0

\* Percentage of Project completion to be calculated as the percentage of hard construction costs approved for disbursement divided by the total of all such hard construction costs as shown in the Project Budget; provided, however, that Developer shall be entitled to such payment only to the extent the hard costs incurred as of any such milestone dates do not exceed the hard costs budgeted (after application of the Project Contingency) to be incurred as of such milestone dates. The final installment of the Developer’s Fee shall be paid to Developer as described below.

The Developer will also be paid an Overhead Allowance in connection with the work in the amount of \$[4,565,407], payable in installments of \$[152,180.23] per month from [July 1, 2024] (the commencement of pre-construction activity for the Project) through the earlier to occur of (i) occupancy of the Project by the County or (ii) full payment of the amount of \$[4,565,407] (which amount shall not be changed except as agreed to by the Issuer and the Developer).

***Developer Payments for Late Project Delivery.*** Pursuant to the Development Agreement, if Substantial Completion of the Project fails to occur by the Developer Obligation Date (as extended, if applicable), then commencing on the Developer Obligation Date and continuing on the first day of each successive calendar month through the month in which Substantial Completion of the Project occurs, as the Issuer's sole remedy for such delay, Developer shall pay to Trustee an amount (the "Monthly Carrying Costs") equal to the amount that would be payable to the Trustee under the Indenture if Substantial Completion of the Project had occurred prior to such calendar month. The Monthly Carrying Cost is, in turn, equal to the Base Rent that would be payable by the County under the Facilities Lease if Substantial Completion of the Project had so occurred. The Monthly Carrying Cost shall be offset by any amounts of Base Rent paid or payable by the County under the Facilities Lease. Prior to the due date, the Issuer shall provide and/or shall cause the Trustee to provide Developer with the amounts of such Monthly Carrying Costs. Any overpayment of Monthly Carrying Costs in a particular month shall be credited against the amount due in the next month, except any overpayment due to achievement of Substantial Completion of the Project shall be refunded in arrears for the partial month in which Substantial Completion of the Project occurs.

Notwithstanding the foregoing, to the extent the Issuer receives insurance proceeds under the builders risk insurance policy provided for in the Development Agreement (see "Insurance and Performance Bond During Construction" herein) to reimburse the Issuer for loss of income and rents, such sums shall be credited against the Developer's obligation to pay Monthly Carrying Costs to the Trustee. Furthermore, in no event and under no circumstance shall the Developer be obligated to make out-of-pocket payments for Monthly Carrying Costs in excess of that portion of the Developer's Fee theretofore received by the Developer under the Development Agreement plus any available insurance proceeds. However, any further obligation of the Developer for Monthly Carrying Costs shall result in a forfeiture by the Developer of that portion of the remainder of the Developer's Fee equal to the amount of the Developer's remaining obligation (if any) for such Monthly Carrying Costs and the Issuer shall issue notice to Trustee to transfer any such forfeited amount of the Developer's Fee to the appropriate account under the Indenture for payment of debt service on the Bonds. To the extent a Developer's Fee is payable pursuant to the definitions of Owner Discretionary Costs and Other Owner Costs, the 2.5% Developer's Fee shall also be paid with respect to Owner Discretionary Costs and Other Owner Costs, excluding the Developer's Fee, the Overhead Allowance and the Project Contingency (except to the extent that the Project Contingency is expended towards Project Costs), with any change in the work initiated by Issuer in accordance with Section 8.3 of the Development Agreement (a) increasing the Developer's Fee in an amount calculated as two and one-half percent (2.5%) of the cost of any such change in the work, and (b) to the extent that such change in the work extends the Project Schedule, increasing the Overhead Allowance as may be appropriate due to such extension as mutually agreed to by Owner and Developer.

***General Construction Contract Including Liquidated Damages.*** The Development Agreement provides that, as part of the Fixed Price, the Project shall be constructed pursuant to the Construction Contract which shall contain the Guaranteed Maximum Construction Price. "Guaranteed Maximum Construction Price" means the maximum cost for construction of the Project, as guaranteed by the General Contractor pursuant to the terms of the Construction Contract. The Construction Contract shall contain a provision for payment and performance bonds issued by a surety reasonably acceptable to the Issuer pursuant to which the Issuer, the Trustee and the County shall be named as obligees pursuant to a rider or riders reasonably acceptable to the Issuer.

Pursuant to the Development Agreement, any liquidated damages or similar amount paid by the General Contractor under the General Construction Contract as a result of the failure to achieve Substantial Completion of the Project by the Developer Obligation Date shall be deposited with the Trustee and held for payment of Monthly Carrying Costs and related expenses through the month in which Substantial Completion of the Project occurs to the extent that the aggregate amount paid or forfeited by Developer pursuant to the Development Agreement is not sufficient to pay all Monthly Carrying Costs through the month in which Substantial Completion of the Project occurs. Upon Final Acceptance by the Issuer of the Project (as described further in the Development Agreement) and the making of all final payments (including the funding of the 150% holdback for uncompleted Punch List items), if Substantial Completion of the Project failed to occur by the Developer

Obligation Date, the Developer and the Issuer with concurrence of the County, shall (i) determine the amount of any liquidated damages or similar amount paid by the General Contractor and deposited with Trustee as result of the failure of Substantial Completion to occur prior to the Developer Obligation Date and which has not been disbursed by Trustee to cover Monthly Carrying Costs and related expenses (“Excess Liquidated Damages”) and (ii) direct the Trustee to disburse such Excess Liquidated Damages to the Developer to the extent of any Monthly Carrying Costs paid by Developer or any forfeited Developer’s Fee in accordance with the Development Agreement.

***LEED Certification.*** The Development Agreement provides that the Developer will use commercially reasonable efforts to obtain a Leadership in Energy and Environmental Design – NC 2009 (“LEED”) Gold certification from the U.S. Green Building Council (“USGBC”) with respect to the Project. Pursuant to the Development Agreement, the Issuer agrees to work in good faith with the Developer when making various decisions to consider their potential impact on LEED certifications. It is anticipated that the final determination by the USGBC of the LEED certification of the Project will not occur until after Final Acceptance. **The County’s obligation to pay Base Rent under the Facilities Lease is not contingent on obtaining any level of LEED certification.**

Pursuant to the Development Agreement, the Issuer shall hold back 2.5% of the Developer’s Fee until a LEED certification is obtained for the Project, and the Developer shall diligently and continuously use commercially reasonable efforts to pursue such LEED certification for the Project. If the Developer has diligently and continuously used commercially reasonable efforts to pursue such LEED certification for the Project, and the LEED certification for the Project has not been obtained within eighteen (18) months after Final Acceptance of the Project (subject to Unavoidable Delays), then the Developer shall be entitled to payment of the remaining 2.5% of the Developer’s fee being held by the Issuer. If the LEED certification for the Project has not been obtained within eighteen (18) months after Final Acceptance of the Project (subject to Unavoidable Delays), and the Developer has not diligently and continuously used commercially reasonable efforts to pursue such LEED certification for the Project (beyond any applicable notice and cure period), and such failure to obtain LEED certification is not as a result of the acts or omissions of the Issuer or the County, then the Issuer shall be entitled, as the Issuer’s sole remedy, to retain the 2.5% of the Developer’s Fee held back as liquidated damages resulting from the Developer’s failure to use diligent and continuous efforts to achieve the LEED certification.

***Insurance and Performance Bond During Construction.*** The Development Agreement sets forth the insurance coverage requirements for the Developer, including commercial general liability insurance, professional liability, automobile liability insurance, and workers compensation and employers’ liability insurance or qualified self-insurance satisfying statutory requirements. The Development Agreement also sets forth the insurance coverage requirements for the construction phase of the Project, including builder’s risk course of construction insurance (which is to include an endorsement for earthquakes), general liability insurance, automobile liability insurance, professional liability/errors and omissions insurance, workers compensation and employers’ liability insurance or qualified self-insurance satisfying statutory requirements, contractor’s pollution liability insurance as applicable, and contractor’s asbestos liability insurance as applicable, and requires the delivery of a performance surety bond. See APPENDIX C – “FORMS OF PRINCIPAL LEGAL DOCUMENTS – The Development Agreement – *Insurance.*”

***Condemnation During Construction.*** Pursuant to the Development Agreement, 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 in the Project Fund established under Section 4.02 of 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 the County determines that restoration is possible or a reasonable use can be made of the Premises without restoration, then the condemnation proceeds shall be paid to Trustee who shall, as applicable, (i) deposit such condemnation proceeds into the Capital Repairs Fund (as defined in the Indenture) and shall disburse such condemnation proceeds to the Issuer from time to time as restoration progresses, or (ii) deposit such condemnation proceeds in

the Bond Fund (as defined in the Indenture) to be used to repay or defease Bonds. See APPENDIX C – “FORMS OF PRINCIPAL LEGAL DOCUMENTS – The Development Agreement – *Condemnation.*”

***General Contractors’ Obligations for Costs.*** [To be updated when document is available.] If the General Contractor does not achieve substantial completion of the work described in the Construction Contract by \_\_\_\_\_ (as such date may be extended under the Construction Contract) (the “Required Completion Date”), a liquidated damages clause in the Construction Contract provides that the General Contractor will pay the Issuer as reimbursement for the Issuer’s additional costs, starting at \$5,000 per day for days 31 to 60 after the Required Completion Date, \$10,000 per day for the next 30 days (days 61-90 after the Required Completion Date), \$20,000 per day for the next 30 days (days 91-120 after the Required Completion Date), and then \$25,000 per day for each day thereafter, until substantial completion of the Project is achieved or the General Contractor has paid 100% of the General Contractors Fee.

***Cost Overruns; Sufficiency of Funds to Complete Construction.*** Pursuant to the Development Agreement, the Issuer has no obligation to request any disbursement of money on deposit in the Bond Proceeds Account in the Project Fund unless and until the Project is in balance. The Project shall be deemed to be in balance only when the undisbursed portion of Bond proceeds in the Project Fund allocable to payment of the Fixed Price (which the Issuer shall cause to contain an amount sufficient to pay the Fixed Price plus all other funds that are the responsibility of the Issuer under the Development Agreement), together with funds deposited by the Developer (if applicable) with the Trustee and expected earnings on the Project Fund to the date of their anticipated disbursement after provision for all contingencies, shall equal or exceed the amount reasonably estimated by the Issuer to pay for all Project Costs that are the responsibility of the Developer under the terms of the Development Agreement. In the event the Issuer properly advises the Developer that the Project is not in balance, the Developer will deposit into the [Non-Bond Proceeds Account] in the Project Fund held by the Trustee the amount necessary to bring the Project into balance (*i.e.*, the excess amount, if any, by which the Project Costs that are the Developer’s responsibility under the terms of the Development Agreement exceed the Fixed Price), and such funds will be disbursed in their entirety prior to any further disbursement of Bond proceeds from the Bond Proceeds Account in the Project Fund; provided that if the shortfall in the Bond Proceeds Account in the Project Fund is due to the Issuer’s failure to deposit funds as required in connection with any Issuer-initiated change orders, the Issuer will deposit the necessary funds into the [Non-Bond Proceeds Account] in the Project Fund held by the Trustee.

All costs of every nature that constitute “Other Owner Costs” shall be the responsibility, cost and expense of the Issuer or the County. “Other Owner Costs” means all costs that are explicitly stated in the Development Agreement to be the responsibility of the Issuer or the County or are stated not to be the responsibility of the Developer, and shall include, without limitation, the County’s Personal Property and any taxes thereon, any costs of Financed FF&E in excess of the Financed FF&E Allowance, Procured FF&E (if any), Relocation Services, the premium for the policy of builder’s risk insurance for the Project (and any deductible thereunder) that is procured by Issuer, Financing Costs and any other costs associated with the Bonds, costs for the Ground Lease, title, escrow and recording costs, debt service on the Bonds, attorneys’ fees and costs incurred by Issuer or the County, property taxes and assessments of any nature with respect to the Premises or any improvements located on the Premises, costs associated with any licensee, subtenant or other occupant of the Premises, expenses resulting from Owner-Caused Delays or Unavoidable Delays (including, without limitation, expenses incurred in connection with a casualty, and including, without limitation, environmental clean-up costs exceeding the line item allowance amount for environmental clean-up set forth in the Project Budget), except as provided in Section 7.2 of the Development Agreement, consulting fees for any consultants engaged by the Issuer, the County or the Trustee as permitted under the Development Agreement, and costs associated with any lawsuit, claim or other action pending or threatened against the Issuer or the County, except as provided in the Development Agreement. The Issuer agrees that the Developer shall have no responsibility or liability for any of the Other Owner Costs and the Issuer or the County, as applicable, shall timely fund all Other Owner Costs. All capitalized terms used but not defined in this paragraph shall have the meaning given to them in the Development Agreement. See APPENDIX C – “FORMS OF PRINCIPAL LEGAL DOCUMENTS – The Developer Agreement, *Payment of Project Costs*”

***Project Construction and Management under the Facilities Lease.*** Under the terms of the Facilities Lease, the Issuer is obligated to cause the design, permitting and construction of the Project by entering into the Development Agreement. Following Substantial Completion of the Project, the Issuer shall, at Issuer's sole cost and expense (but only to the extent that the County has provided funds in accordance with the annual operating budget approved by Issuer and the County and that there are available operating or maintenance reserves (with respect to Operating Costs) and amounts in the Capital Repairs Fund (with respect to Capital Expenditures) or as otherwise made available by the County) and in accordance with the Facilities Lease, maintain, repair and replace the Project or portions thereof in an attractive condition, good order and function, at a condition equal to or better than the predominant condition of other office buildings owned or occupied by the County in the business districts of the City of Los Angeles, throughout the term of the Facilities Lease. In addition, the Issuer 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 Class A office buildings located in the business districts of Los Angeles, California, and in a manner which is efficient and reasonably controls expenses.

Pursuant to the Facilities Lease, following Substantial Completion of the Project, the Issuer shall at all times cause the Premises to be operated by a professional property management company selected and managed by the Issuer. Such property manager shall be subject to the County's prior approval, and have at least five (5) years' experience in managing Class A office buildings of comparable size and quality to the Premises in the business districts of Los Angeles, at a management fee which shall not be in excess of the predominant management fee charged by property management companies managing commercial office buildings of comparable size and quality in Los Angeles County. Such property management contract shall (a) not have a term greater than five (5) years, (b) contain a requirement that, if the action to be undertaken by the property manager relates to a hazard or emergency on the Premises, the property manager shall commence performance within 4 hours, and shall thereafter pursue such cure with diligence, and (c) include provisions stating that such contract may be terminated for cause (but not convenience) by the Issuer on its determination or as directed by the County, if the property manager is in default under the property management contract. After the expiration or termination of the original property management contract, contracts with property management firms shall be terminable for cause as set forth above and terminable for convenience by the Issuer at the County's direction upon not less than six (6) months' notice beginning five (5) years after the Substantial Completion Date. Notwithstanding the foregoing, any and all management contracts relating to the Project, including the original property management contract, shall immediately terminate at the time that the Bonds are no longer Outstanding.

***Capital Repairs Fund.*** The Indenture provides that there shall be created and held by the Trustee a separate fund designated the "Capital Repairs Fund." Pursuant to the Facilities Lease, the County shall make semi-annual deposits into the Capital Repairs Fund in an amount equal to one-half of the Annual Capital Repair Reserve Payment determined in the manner provided in the Facilities Lease. The initial Annual Capital Repair Reserve Payment shall be \$243,000\_\_, but such amount shall be subject to periodic review and adjustment as provided in the Facilities Lease. From time to time, the Trustee shall disburse amounts in the Capital Repairs Fund for capital expenditures on the Project at the request of the Issuer and the County. The Capital Repairs Fund is not part of the Trust Estate and does not secure the Bonds.

## **The Developer**

TC LA Development, Inc. will manage the design, permitting and construction of the Project as Developer. The Developer is a wholly owned, but independent subsidiary of the Trammell Crow Company LLC ("Trammell Crow"). Founded in 1948, Trammell Crow is one of the largest developers in the nation. Trammell Crow has developed or acquired over 655 million square feet of buildings with a value exceeding \$75 billion, and currently has over \$18.8 billion of projects in-process. The local Southern California team has over 45 years of experience and expertise in development, investment and construction and has delivered over \$43.4 million square feet of office, mixed use, retail and industrial space in excess of \$11 billion. In the last ten years, Trammell Crow has executed tax-exempt financial structures for the 468,000 square foot Vermont Corridor County Administration office project at 510 S. Vermont, the Gateway at Alhambra project for the Community Development Commission, and the 2001 Soto project for the University of Southern California.

## General Contractor

[To be updated.] Snyder Langston serves as the Construction Contractor. Established in 1959, Snyder Langston is a real estate and construction adviser to Fortune 500, mid-size and start-up companies. It maintains a presence as one of Southern California's largest and most respected builders, and has developed millions of square feet of space across many real estate sectors. [Snyder Langston has a successful track record with both Trammell Crow and the County, including \_\_\_\_\_.]

## Architect

[To be updated.] M. Arthur Gensler Jr. & Associates, Inc. (“Gensler”) is the architect for the Office Project. Gensler was founded in 1965 and is headquartered in San Francisco, California. Gensler is a leading global architecture, interiors, planning and strategic consulting firm that partners with companies to achieve measurable business and organizational goals through design. For 50 years, Gensler has been a pioneer in creating great places that enhance the quality of work and life. Gensler employs more than 5,000 professionals in 44 cities around the world. The firm has over 3,500 active clients in virtually every industry and delivers projects at multiple scales—from planning and building entire cities to designing a task light for an individual’s desk. Gensler supports the development of innovative places with a philosophy of value-based design and comprehensive services that allow clients to collaborate with a continuous, dedicated team from planning through construction.

## Design, Permits and Approvals

The Project Construction Document design is plan check ready. The Office Project will be submitted to the Los Angeles County Building and Safety Department for plan check review and approval following bond issuance. Tenant improvement spaces for the following occupiers (Department of Public Health, Department of Children and Family Services, DMH, Department of Public Social Services, and Executive Office of the Board) are included as part of the plans. Various permits, including demolition permits, building permits, B-permits, city right of way permits, deferred permits, and any other permits required to complete the Project are expected to be obtained in the ordinary course of project execution. The Issuer does not expect any delays in obtaining the necessary permits and approvals.

A final EIR for the Vermont Corridor Project was prepared by the County as lead agency and was certified by the Board of Supervisors on May 22, 2018. Under section 15164 of the State CEQA Guidelines, an Addendum (Final Vermont Site 2 Addendum) to a previously certified EIR may be prepared if none of the conditions described in State CEQA Guidelines Section 15162 calling for preparation of a Subsequent EIR have occurred. The Addendum to the FEIR was prepared for the proposed changes to the previously analyzed project, in compliance with CEQA Guidelines Sections 15164(a) and 15162 and with CEQA Section 21166.

## Construction Schedule

[To be updated.] The Developer anticipates Project construction and delivery will occur on the following schedule:

<u>Activity</u>	<u>Date</u>
Ground Breaking	
Building TCO	
Building Tenant Improvement Complete <sup>(1)</sup>	
Substantial Completion/Developer Obligation Date	

Source: TC LA Development, Inc.

<sup>(1)</sup> “Office Building Tenant Improvement” consists of improvements requested by the County to the interior of the Office Project, including but not limited to HVAC thermostats, operating controls and conduit rough-in for data, telephone, and

security wiring, as they are described in the Construction Documents. Costs for Tenant Improvements (other than the retail area) are included in the Project Budget, and included in the guaranteed maximum price under the Construction Contract.

**Project Budget**

The proceeds of the Bonds will be used by the Issuer to pay for (i) Project Costs up to the amount of the Fixed Price, (ii) costs of issuance in connection with the issuance of the Bonds and (iii) certain capitalized interest on the Bonds through the construction period. The Issuer and the Developer expect that the proceeds of the Bonds, together with earnings thereon and other available funds, will be sufficient to pay the costs of the Project, including interest on the Bonds during construction, although the Issuer cannot guarantee that such proceeds will be sufficient. See “CERTAIN RISK FACTORS – Construction and Completion Risk.” The Issuer does not have any obligation to pay Project Costs in excess of the Fixed Price, and the County, whose only payment obligation under the Facilities Lease is the payment of Rent and other amounts specifically set forth therein and in the Ground Lease, has no obligation to pay Project Costs. See APPENDIX C – “FORMS OF PRINCIPAL LEGAL DOCUMENTS – The Facilities Lease” and “– The Development Agreement.”

[To be updated.] The following table sets forth the estimated Project Costs:

Activity	Estimated Project Cost
	\$
Office Building Shell and Core Tenant Improvements	
Financed Furniture, Fixtures and Equipment Allowance Environmental Allowance Soft Costs, Insurance, Permits, Plan Check and Fees	
Developer’s Fee Developer’s Overhead Allowance Contingency	
Total:	\$

**ESTIMATED SOURCES AND USES OF FUNDS**

The proceeds of the Bonds are expected to be applied approximately as set forth below:

<u>Sources of Funds:</u>	
Principal Amount of the Bonds	\$
Original Issue Premium	
Total	\$
 <u>Uses of Funds:</u>	
Deposit to Project Fund	\$
Deposit to Capitalized Interest Fund <sup>(1)</sup>	
Deposit to Costs of Issuance Fund <sup>(2)</sup>	
Total	\$

<sup>(1)</sup> Includes capitalized interest through the construction period.

<sup>(2)</sup> Includes underwriters’ discount, title insurance costs, rating agency fees, Bond Counsel fees and expenses, Disclosure Counsel fees and expenses, Issuer’s Counsel fees and expenses, municipal advisor fees, printing costs and other miscellaneous expenses.

## THE BONDS

### Description

The Bonds are dated and bear interest from the date of their delivery. Interest on the Bonds is payable semi-annually on June 1 and December 1, beginning [First Interest Payment Date] (each an “Interest Payment Date”). Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Bonds will bear interest at the rates and mature on December 1 in the years and in the amounts set forth on the inside cover of this Official Statement (each a “Principal Payment Date”). A portion of the proceeds of the Bonds will be used to fund capitalized interest on the Bonds through the construction period. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Beneficial Use and Occupancy” herein.

The Bonds will be fully registered as to both principal and interest, and will be issued in denominations of \$5,000 or any integral multiple thereof. Initially, individual purchases of the Bonds may be made in book-entry form only. Purchasers will not receive certificates representing their interest in the Bonds purchased. When issued, the Bonds will be registered in the name of Cede & Co. as Registered Owner and nominee of DTC. So long as Cede & Co. is the Registered Owner of the Bonds, references herein to the Owners, Registered Owners or Bond Owners will mean Cede & Co. and will not mean the “Beneficial Owners” of the Bonds. In this Official Statement, the term “Beneficial Owner” will mean the person for whom a DTC participant acquires an interest in the Bonds. Principal of and interest on the Bonds will be paid by the Trustee to DTC or its nominee, which will in turn remit such payments to its Participants (defined herein) for subsequent disbursement to the Beneficial Owners of the Bonds. See APPENDIX F – “BOOK-ENTRY ONLY SYSTEM.”

In the event that the Bonds are no longer in fully immobilized form, interest on the Bonds will be paid by the Trustee by check mailed on the applicable Interest Payment Date to the Owners as of the close of business on the applicable Record Date, all as defined in the Indenture, at the address in the books for registration of the Bonds kept for the Issuer by the Trustee (the “Bond Register”), or at such other address as is furnished in writing by Owners to the Trustee (provided, however, that the Trustee will, at the request of any Owner of \$1,000,000 or more in aggregate principal amount of Bonds, make payments of interest on such Bonds by wire transfer to the account at any bank in the United States designated by such Owner in writing on or before the Record Date), and the principal of the Bonds is payable in lawful money of the United States of America upon surrender thereof at the principal corporate trust office of the Trustee. No payment of principal will be made on any certificated Bond unless and until such Bond is surrendered to the Trustee for payment.

### Redemption of the Bonds\*

**Optional Redemption.** The Bonds are subject to redemption prior to their stated maturity as described below (i) upon the written direction of the County given to the Issuer and the Trustee at least 30 days prior to the date fixed for redemption; and (ii) otherwise upon the written direction of the Issuer given to the Trustee at least 30 days prior to the date fixed for redemption, in either case as a whole or in part (and if in part with maturities to be selected by the County, so long as no Facilities Lease Default Event has occurred and is continuing, and otherwise by the Issuer).

The Bonds maturing on and prior to December 1, 20\_\_ are not subject to optional redemption prior to their scheduled maturity. The Bonds maturing on and after December 1, 20\_\_, are subject to redemption, in whole or in part, in Authorized Denominations, on any date on and after December 1, 20\_\_, from (i) prepaid Base Rent paid pursuant to the Facilities Lease, or (ii) any other source of available funds, at a price of par plus accrued interest to the date of redemption.

**Mandatory Sinking Fund Redemption.** The Bonds maturing on [December 1, 20\_\_, 20\_\_ and 20\_\_] are Term Bonds (the “Term Bonds”) subject to mandatory sinking fund redemption (in such a manner as DTC

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\* Preliminary, subject to change.



or the Trustee, as applicable, shall determine) at a price of 100% of the principal amount of the Bonds to be redeemed plus accrued interest to the date of redemption on December 1 in the years and amounts as follows:

<b>20__ Term Bonds</b>	
<b>Redemption Years</b>	<b>Redemption Amounts</b>

(Final Maturity)

<b>20__ Term Bonds</b>	
<b>Redemption Years</b>	<b>Redemption Amounts</b>

(Final Maturity)

<b>20__ Term Bonds</b>	
<b>Redemption Years</b>	<b>Redemption Amounts</b>

(Final Maturity)

The principal amount of any Term Bonds optionally redeemed shall be credited against the scheduled redemptions of such Bonds in the manner designated by an Authorized Officer of the County or the Issuer, as applicable.

**Extraordinary Optional Redemption.** The Bonds are subject to extraordinary optional redemption in whole, and not in part, on any date (and will be redeemed on the first practical date for which notice may reasonably be given by the Trustee), at a price of par plus accrued interest to the date of redemption, upon the receipt by the Trustee of (i) insurance proceeds in connection with certain underinsured damage as described in the Facilities Lease (see “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Damage; Destruction; Condemnation”) or (ii) condemnation proceeds in connection with certain condemnation events as described in the Facilities Lease (see “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Damage; Destruction; Condemnation”). Upon receipt of notice from the County of the occurrence of circumstances described in the preceding sentence and setting a redemption date, the Trustee will call Bonds for extraordinary redemption on the first practical date for which notice may reasonably be given and on which the redemption price is or will be available.

**Notice of Redemption.** As long as the Bonds are held in book-entry only form, notice of redemption (which may be conditional) will be given by DTC solely in accordance with the operational arrangements of DTC as then set forth. If the Bonds are no longer held in book-entry form, the Trustee will give notice of redemption by first class mail, postage prepaid, mailed no fewer than 20 nor more than 60 days prior to the redemption date to each Owner of Bonds to be redeemed at the address of such Owner appearing in the Bond Register. Any notice of optional redemption may be conditional and may be revocable at any time prior to the conditions set forth therein being satisfied in full.

Neither the failure of any Owner to receive notice mailed as described herein nor any defect in notice so mailed will affect the validity of the proceedings for redemption in accordance with the Indenture. All notices

of redemption shall state: (a) the redemption date and the conditions, if any, of redemption; (b) the redemption price; (c) the amount of accrued interest payable on the redemption date (if such amount can be calculated at the time the notice is mailed); (d) the designation of the Bonds to be redeemed, the principal amount of Bonds to be redeemed, and, if less than all Outstanding Bonds are to be redeemed, the identification (and, in the case of partial redemption, the principal amounts) of the Bonds to be redeemed; (e) that (unless the notice of redemption is a conditional notice, in which case the notice shall state that interest shall cease to accrue from the date fixed for redemption if and to the extent that funds have been provided to the Trustee for the redemption of Bonds) on the redemption date the redemption price of each such Bond will become due and payable and that interest on each such Bond shall cease to accrue on and after such date; (f) the place or places where such Bonds must be surrendered for payment of the redemption price thereof; and (g) such additional information as the Issuer shall deem appropriate.

Notice of redemption having been given to the Owners as aforesaid and if the notice of redemption is conditional and the conditions stated in the notice of redemption have been met, such Bonds to be redeemed will become due and payable on the redemption date at the redemption price specified, and on and after such date (unless the Issuer defaults in the payment of the redemption price) such Bonds will cease to bear interest. Upon surrender of any such Bond for redemption in accordance with such notice, such Bond will be paid at the redemption price thereof, to the extent of funds on deposit with the Trustee and available therefor. To the extent possible, each check or other transfer of funds issued for the payment of the redemption price of Bonds being redeemed will bear the CUSIP number identifying, by maturity, the Bonds being redeemed with the proceeds of such check or other transfer. If any Bond called for redemption is not so paid upon surrender thereof for redemption, the redemption price and, to the extent lawful, interest thereon will, until paid, bear interest from the redemption date at the rate borne by the Bond immediately before the redemption date.

***Partial Redemption of Bonds.*** For so long as the Bonds are held in fully immobilized form, the selection of particular Bonds within a maturity to be redeemed, whether by optional or mandatory redemption, will be made in accordance with the operational arrangements then in effect at DTC. If less than all of the Bonds of a particular maturity are called for any optional redemption or mandatory sinking fund redemption: (1) if the Bonds are not registered in book-entry only form, the Trustee will select by lot the Bonds to be redeemed; and (2) if the Bonds are in book-entry only form and so long as DTC or a successor securities depository is the sole registered owner of the Bonds, Bonds to be redeemed will be selected in accordance with DTC's procedures in effect at such time. Upon surrender of any Bond redeemed in part only, the Issuer will execute and the Trustee will authenticate and deliver to the Owner thereof, at no expense to the Owner, a new Bond or Bonds of Authorized Denominations equal in aggregate principal amount to the unredeemed portion of the Bond surrendered. Costs of printing and/or authentication of new Bonds shall be paid by the Issuer.

***Effect of Redemption.*** Notice of redemption having been duly given as aforesaid, and money for payment of the redemption price of, together with interest accrued to the date fixed for redemption on, the Bonds (or portions thereof) so called for redemption being held by the Trustee, on the redemption date designated in such notice, the Bonds (or portions thereof) so called for redemption will become due and payable, interest on the Bonds so called for redemption will cease to accrue on the redemption date, said Bonds (or portions thereof) will cease to be entitled to any benefit or security under the Indenture, and the Owners of said Bonds will have no rights in respect thereof except to receive payment of said principal and interest accrued to the date fixed for redemption. All Bonds redeemed as described herein will be cancelled by the Trustee upon surrender thereof.

### **Option to Prepay Facilities Lease and Purchase Project**

***Option to Prepay Facilities Lease in Whole.*** Pursuant to the Facilities Lease, the County has the option to purchase the Premises and thereby terminate the Facilities Lease and the Ground Lease by depositing with the Trustee amounts sufficient to redeem or defease all of the Outstanding Bonds pursuant to the terms of the Indenture, plus all costs associated with such redemption or defeasance.

The Indenture provides that, on or after the date the Bonds are subject to optional redemption, the purchase price of the Premises shall be an amount sufficient to pay all Outstanding Bonds, plus interest accrued thereon to the date of redemption. Prior to the date the Bonds are subject to optional redemption, the purchase price of the Premises shall be an amount sufficient to pay all Outstanding Bonds, plus interest accrued thereon to the date of redemption, plus the additional amount, if any, required to fully defease the Outstanding Bonds in accordance with the Indenture.

The County may exercise its option to purchase by providing a notice of election to exercise purchase option as specified in the Indenture, which election by the County may be conditioned on the availability of sufficient funds on the purchase date, so long as any required notices of termination of management contracts that must be given by the Issuer in anticipation of the purchase are also so conditioned.

Pursuant to the Indenture, on the closing date specified in the notice of election to exercise purchase option, or such other date as the County, the Issuer and the Trustee may mutually agree, and if the purchase price has been paid by the County in immediately available funds, the Issuer shall convey the Premises to the County by grant deed, free and clear of all liens and encumbrances, except those liens and encumbrances approved by the County, but without recourse against the Trustee, and the Indenture, the Ground Lease, and the Facilities Lease shall automatically terminate. Nothing in the Indenture or the Facilities Lease shall be construed to require the County to exercise the purchase option therein granted.

***Option to Partially Prepay the Facilities Lease and Cause Bonds to be Redeemed or Defeased.***

Pursuant to the Facilities Lease, the County has the option to partially prepay the principal component of Base Rent, in increments of five thousand dollars (\$5,000), for periods to be determined by the County by causing Bonds to be redeemed in accordance with Section 3.01 of the Indenture or by causing Bonds to be defeased in accordance with Article X of the Indenture. By 10:00 a.m. Pacific Time on the date set for prepayment, the County shall pay to the Trustee in cash or same-day available funds, an amount equal to the principal component of Base Rent to be prepaid, together with interest thereon sufficient to optionally redeem or defease such Bonds in accordance with the Indenture. Upon such prepayment, the Facilities Lease shall be amended to reflect the reduction in Base Rent resulting from such prepayment; provided, however, that in all cases the revised Base Rent will be due and payable in the amounts and at the times sufficient to pay the principal of and interest on all Bonds Outstanding after giving effect to the redemption or defeasance.

***Conveyance of Premises.*** The Facilities Lease provides that, in the event that, pursuant to the provisions described under this caption “Option to Prepay Facilities Lease and Purchase Project,” the County deposits with the Trustee money and/or Government Obligations (as 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 Base Rent then due under the Facilities Lease in accordance with the terms of the Facilities Lease and sufficient to redeem or defease all of the Outstanding Bonds pursuant to the terms of the Indenture, plus all costs associated with such redemption or defeasance, the Issuer shall convey unencumbered title to the Premises to the County (subject to Section 4.4 of the Facilities Lease), the Facilities Lease shall automatically terminate, no further payments need be made of any Base Rent under the Facilities Lease, and the Bondowners 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 the Issuer nor the County shall have any further obligation to the other hereunder. The Issuer shall apply such prepaid Base Rent to the defeasance or redemption of Bonds in accordance with the Indenture. In the event the Premises are conveyed to the County as described in this paragraph, the Ground Lease shall automatically terminate.

**Purchase of Bonds**

At the written direction of an Authorized Officer of the County, so long as no Facilities Lease Default Event has occurred and is continuing, and otherwise at the written direction of the Issuer and with the sources of funds specified by the County or the Issuer, as applicable, the Trustee will purchase Bonds offered to the County or the Issuer at prices deemed acceptable to the County or the Issuer, as applicable. The principal amount of any term Bonds purchased as described hereunder will be credited against the scheduled redemptions of such Bonds

in the manner designated by an Authorized Officer of the County or the Issuer, as applicable, in accordance with the provisions described under “THE BONDS –Redemption of the Bonds – *Mandatory Sinking Fund Redemption.*”

### **Defeasance of Bonds**

Pursuant to the Indenture, if the Issuer (1) issues refunding bonds (a) to pay the principal of, premium, if any, and interest on all or a portion of the Bonds as the same become due and payable and (b) to refund or defease such then Outstanding Bonds and to pay the costs of refunding or defeasance; or (2) sets aside irrevocably in a special fund for and securing such payment, refunding or defeasance, money (which shall remain uninvested) and/or Government Obligations, that are not subject to redemption prior to maturity sufficient in amount (as verified in a report from a firm of certified public accountants or nationally recognized arbitrage consultants), together with known earned income from the investments thereof, to make such payments and to accomplish the refunding or defeasance as scheduled (the “trust account”); and (3) makes irrevocable provisions for redemption of such Bonds, then in that case all right and interest of the Owners of the Bonds to be so retired, refunded or defeased (the “defeased Bonds”) in the covenants of the Indenture, in the Trust Estate, and in the funds and accounts obligated to the payment of such defeased Bonds, other than the right to receive the funds so set aside , thereupon shall cease and become void, except that those Owners will have the right to receive payment of the principal of and premium, if any, and interest on the defeased Bonds from the trust account (except such rights as exist with respect to payment, exchange and transfer of such Bonds under the pertinent provisions of the Indenture). After the establishing and full funding of such trust account, the defeased Bonds shall be deemed to be discharged, the Trustee will cancel the defeased Bonds as paid, and the Issuer then may, at the direction of the County, so long as the Facilities Lease is in effect and no Facilities Lease Default Event has occurred and is continuing, and otherwise in the Issuer’s sole discretion, apply any money in any other fund or account established for the payment or redemption of the defeased Bonds to any lawful purposes as it shall determine, subject only to the rights of the Owners of any other Bonds then Outstanding. Money held in any defeasance trust account shall be held solely for the benefit of the Owners of the Bonds so defeased. “Government Obligations” means direct, non-callable (a) United States Treasury Obligations, (b) United States Treasury Obligations – State and Local Government Series, (c) non-prepayable obligations that are fully and unconditionally guaranteed as to full and timely payment of principal and interest by the United States of America or (d) REFCORP debt obligations unconditionally guaranteed by the United States.

It is a condition of any such defeasance of the Bonds that the Issuer has obtained and delivered to the Trustee: (i) an Opinion of Bond Counsel that such Bonds have been legally defeased under the Indenture and that such refunding or defeasance will not affect the tax-exempt status of the Bonds; and (ii) if any Government Obligations are set aside in the special fund described in clause (2) above, the verification report of independent certified public accountants or nationally recognized arbitrage consultants, as described in clause (2) above. On the date of defeasance or full payment of Bonds the Issuer shall convey the Premises to the County.

**Summary of Debt Service Requirements for the Bonds**

**ESTIMATED DEBT SERVICE SCHEDULE<sup>(1)</sup>**

The table below sets forth estimated debt service payments for the Bonds on an annual basis, as of each June 30, presuming there is no optional redemption of the Bonds and no prepayment of the Facilities Lease and purchase of the Project.

Year	The Bonds		Total <sup>(2)</sup>
	Principal	Interest	
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
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2053			
2054			
2055			
2056			
2057			
<b>TOTAL<sup>(2)</sup></b>			

<sup>(1)</sup> Reflects debt service on the Bonds, which are the Issuer's only outstanding obligations.

<sup>(2)</sup> Totals may not add due to rounding.

## SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

### Limited Obligations; No Recourse on Bonds

The Bonds shall be special, limited obligations of the Issuer payable solely and secured solely as provided in the Indenture and the Other Documents, primarily by the Trust Estate as provided in the Indenture. The Issuer is a single-purpose entity, is not a governmental unit, and has no taxing power. **The Issuer has no source of funds available to pay debt service on the Bonds other than the Trust Estate.**

Neither the County nor any agency or municipality of the State is obligated to pay debt service on the Bonds. The Bonds are not an obligation of the County, moral or otherwise. The County's sole obligations with respect to this financing, including the obligation to pay Rent, are those set forth in the Facilities Lease.

No recourse shall be had for the payment of the principal of or interest on any of the Bonds or for any claim based thereon or upon any obligation, covenant or agreement contained in the Indenture, against any past, present or future director, officer, employee or agent, or member of the Issuer, or any successor to the Issuer, as such, either directly or through the Issuer, or any past, present, or future director, officer, employee or agent, or member of any successor to the Issuer under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such director, officer, employee or agent, or member of the Issuer or any successor to the Issuer, as such, is expressly waived and released as a condition of and in consideration for the execution of the Indenture and the issuance of the Bonds.

### Pledge of Trust Estate

The Bonds are non-recourse revenue obligations of the Issuer, payable solely from the Trust Estate pledged under the Indenture. The "Trust Estate" consists of the following, whether now owned or hereafter acquired, (i) all rents, issues, income, revenues and receipts derived by the Issuer from all sources, including the Facilities Lease (except for payments under the Facilities Lease for deposit into the Capital Repairs Fund), with respect to the use of the Premises, including all money, earnings, revenues, rights to the payment of money, receivables, accounts, instruments, and general intangibles, including, without limitation, all rents, issues, profits, income, revenues and receipts derived by the Issuer in any fashion from the Premises, and all rights to be paid any of the foregoing, (ii) the Issuer's interest in the Premises (including its leasehold interest in the Land); (iii) all Revenues and all rights to be paid any of the Revenues; (iv) all choses in action and all choses in possession now or hereafter existing to the benefit of or arising for the benefit of the Issuer with respect to the Bonds; (v) all Accounts, all other funds and accounts established under this Indenture, all investments of any of the foregoing, and all money, instruments, investment property, and other property on deposit in or credited to any Account or any other fund or account established under this Indenture or held by the Trustee, except for the Rebate Fund and the Capital Repairs Fund and money held in the Rebate Fund or the Capital Repairs Fund; (vi) all accounts, chattel paper, commercial tort claims, deposit accounts, documents, general intangibles, goods, instruments, investment property, letter-of-credit rights, letters of credit, money, and oil, gas, and other minerals; (vii) any and all other property of every kind and nature from time to time hereafter granted, pledged, assigned or transferred by delivery or by writing of any kind, as and for additional security by the Issuer, the County or by anyone on its or their behalf to the Trustee, which is authorized to receive the same at any time as additional security under the Indenture; and (viii) all proceeds of all of the foregoing; provided, however, that the Trust Estate shall not include the Rebate Fund, the Capital Repairs Fund, money, instruments, investment property, or other property on deposit in or credited to the Rebate Fund or the Capital Repairs Fund, payments under the Facilities Lease for deposit into the Capital Repairs Fund, Administrative Fees and Expenses, or Rebatable Arbitrage.

"Revenues" means all amounts received by the Issuer or by the Trustee for the account of the Issuer pursuant to the Facilities Lease (or any other lease by the Issuer of the Premises) or otherwise with respect to the Premises, including, without limiting the generality of the foregoing, all Rent (including both timely and delinquent payments and any late charges, paid from any source), prepayments, any payments received under

any policy of title insurance with respect to the Premises, and all interest, profits or other income derived from the investment of amounts in any fund or account established pursuant to the Indenture (except as otherwise provided herein), but not including (i) Administrative Fees and Expenses, (ii) Rebatale Arbitrage, (iii) money deposited in the Capital Repairs Fund; and (iv) any and all revenue, income and receipts of the Issuer not derived from or received with respect to the Facilities Lease, the Premises, or any fund or account established pursuant to the Indenture.

The primary source of Revenues anticipated to be received by the Issuer and included within the Trust Estate is Base Rent to be received from the County under the Facilities Lease. To secure the pledge of the Revenues under the Indenture, the Issuer will assign to the Trustee the Base Rent and certain other amounts pursuant to the Assignment of Leases.

### **Base Rent; Abatement**

**Base Rent.** Pursuant to the Facilities Lease, the County shall pay Base Rent to the Trustee without deduction, offset, prior notice or demand in advance on the Rent Commencement Date and thereafter in advance on each Rent Payment Date throughout the term of the Facilities Lease. The County shall deposit with the Trustee each payment of Base Rent at least one (1) Business Day prior to the Rent Payment Date. The first Base Rent payment that occurs on the Rent Commencement Date shall equal the prorated amount attributable to the period occurring between the Rent Commencement Date and the first Rent Payment Date. In any fiscal year commencing July 1 and ending June 30 (the “Fiscal Year”), the aggregate amount of Base Rent plus the Annual Capital Repair Reserve Payment shall not exceed the Fair Market Rent for the Premises, and in any partial Fiscal Year (falling in the Fiscal Year in which Rent Commencement Date or the termination of this Lease occurs) the aggregate amount of Base Rent plus the Annual Capital Repair Reserve Payment shall not exceed the Fair Market Rent for the Premises for such partial Fiscal Year.

Subject to the abatement provisions set forth in the Facilities Lease, aggregate Base Rent payments are equal to the principal of and interest on the Bonds when due. The County’s obligation to pay Base Rent is subject to abatement as described under the caption “Abatement” below.

The County’s obligation to pay Rent, including Base Rent, is a general fund obligation of the County. The County has covenanted in the Facilities Lease to take such action as may be necessary to include the payment of all Rent due thereunder in its annual budget and to make the necessary annual appropriations for the payment of Rent, subject to the provisions of the Facilities Lease. Such covenants are deemed to be duties imposed by law, and it is the duty of each and every public official of the County to take such action and do such things as are required by law in the performance of the official duty of such official to enable the County to carry out and perform such covenants.

See APPENDIX C – “FORMS OF PRINCIPAL LEGAL DOCUMENTS – Facilities Lease – Base Rent; Conveyance of Premise.”

In the event that Substantial Completion of the Project is not achieved by the Developer Obligation Date, and as a consequence the Rent Commencement Date has not occurred, the following provisions shall apply until such time as Substantial Completion is achieved:

(a) The Issuer shall vigorously enforce the provisions of the Development Agreement, including, without limitation, provisions thereof with regard to the failure of the Developer to cause Substantial Completion of the Project to occur by the Developer Obligation Date. Amounts received from the Developer thereunder for the payment of debt service on the Bonds shall be deposited with the Trustee as provided under the Indenture.

(b) The Issuer shall vigorously enforce the respective provisions of the Construction Contract including, without limitation, provisions requiring the payment of liquidated damages in the

event that the General Contractor fails to achieve completion of construction of the Project by the date set forth in the General Construction Contract. Amounts received from the General Contractor and available for payment of debt service on the Bonds shall be deposited with the Trustee as provided under the Indenture.

**Abatement.** Pursuant to the Facilities Lease, the County's obligation to pay Base Rent is subject to abatement (i) in the event that (a) the Premises are damaged or destroyed by fire or other casualty following the Rent Commencement Date, or (b) a defect in the Issuer's title occurs, either of which results in substantial interference with the County's right to the use and occupancy of the Premises or (ii) under certain circumstances following any partial taking of the Premises by Condemnation.

### **Assignment of Project; Subletting**

The Facilities Lease provides that, except as provided in the Indenture and allowed by the Ground Lease, the Issuer shall not sell, transfer, convey, or assign all or any portion of its interest in the Facilities Lease or in the Premises (except to Trustee) without the prior written consent of the County (which may be granted or withheld at the County's sole and absolute discretion) and a Favorable Opinion of Bond Counsel (as defined in the Indenture) shall have been delivered to Trustee. In addition, the County shall not sell, transfer, convey, or assign all or any portion of its interest in the Facilities Lease or in the Premises without the prior written consent of the Issuer (which may be granted or withheld at the Issuer's sole and absolute discretion) and a Favorable Opinion of Bond Counsel, which shall have been delivered to Trustee.

Pursuant to the Facilities Lease, any sale, transfer, conveyance, assignment, or sublease as described under this caption shall be in writing and shall require the purchaser, transferee, grantee, assignee, or subtenant to comply fully with the terms of the Facilities Lease and the Ground Lease, including, without limitation, the provisions of the Facilities Lease regarding use of the Premises. Any attempted sale, transfer, conveyance, assignment or sublease in material violation of the requirements as described in this caption shall be null and void and shall constitute an event of default under the Indenture.

Notwithstanding the foregoing, upon the County's election, the Issuer shall sublease from the County a portion of the Premises consisting of approximately two (2) one-thousand (1,000) square foot spaces located within the ground floor retail space of the Office Building (the "Retail Spaces"), or a portion thereof, pursuant to a lease agreement (a "Retail Space Lease"), provided that the sole purpose of executing a Retail Space Lease shall be for the Issuer to sub-sublease the Retail Spaces or portions thereof to a Retail Space Lessee (each, a "Retail Space Sublease"). The Issuer's rent obligation under the Retail Space Lease shall be to pay to the County the balance remaining, if any, from the rent (base or additional), operating expense reimbursements or other amounts paid to the Issuer by the Retail Space Lessee pursuant to the Retail Space Sublease, after first deducting any leasehold excise or other similar tax payable by the Issuer, and all management and leasing fees, administration costs, leasing commissions, operating expenses, utilities, repair costs, legal fees and similar costs and expenses incurred by the Issuer in connection with the Retail Space Sublease. Each Retail Space Sublease and the permitted use thereunder shall be subject to (i) the provisions of the Facilities Lease regarding use of the Premises, (ii) the Issuer and the County receiving a Favorable Opinion of Bond Counsel, which shall have been delivered to Trustee, and (iii) all Applicable Laws. The County shall have the right to select, by written notice to the Issuer, the third party user of all or any portion of the Retail Spaces (collectively, the "Retail Space Lessees"), subject to the requirements described above.

### **Absolute Net Lease**

The Facilities Lease is an absolute net lease. In addition to Base Rent, pursuant to the Facilities Lease, from and after the Substantial Completion Date, the County shall pay (i) all Operating Costs and (ii) Annual Capital Repair Reserve Payments under the Facilities Lease. Prior to the Substantial Completion Date, all Operating Costs relating to the Premises will be paid by the Issuer or as otherwise provided by the Facilities Lease or the Development Agreement.



### **Deposits of Base Rent to the Revenue Fund**

All Base Rent determined in accordance with the Facilities Lease will be paid directly to the Trustee for deposit in the Revenue Fund. Following the Rent Commencement Date, the Trustee shall notify the Issuer and the County by the close of business on the business day prior to each Rent Payment Date if Base Rent due on such Rent Payment Date has not been received. The money and investments in the Revenue Fund shall be used and transferred by the Trustee, as follows and in the following order of priority: (1) on or prior to each Interest Payment Date, the amount necessary to pay the interest on the Bonds coming due on the Interest Payment Date to the Interest Account; (2) on or prior to each Principal Payment Date, the amount necessary to pay the regularly scheduled principal (including mandatory redemption amounts pursuant to the Indenture) of Bonds maturing on such Principal Payment Date to the Principal Account; (3) on or prior to each day on which Bonds shall be subject to redemption prior to scheduled maturity, the redemption price of Bonds to be redeemed to the Redemption Account; and (4) to pay Administrative Fees and Expenses, but only upon the written direction of an Authorized Officer of the Issuer; provided, that such written direction shall not be required if an Event of Default has occurred and is continuing.

Upon the occurrence and continuation of an Event of Default and acceleration of all Bonds for maturity pursuant to the Indenture, and subject to the lien, pledge, and security interest of all Bonds, all money in the Revenue Fund and all funds that are then on deposit with the Trustee pursuant to the Indenture (other than funds on deposit in the Rebate Fund and the Capital Repairs Fund) shall be transferred to the Principal Account.

### **Capitalized Interest Fund**

The Indenture provides that the Trustee shall establish and maintain a separate fund designated the "Capitalized Interest Fund" for the purpose of paying debt service on the Bonds through and including \_\_\_\_\_ 1, 20\_\_\_. All amounts in the Capitalized Interest Fund, until applied as provided in the Indenture, shall be held for the security of all Bonds Outstanding hereunder. On or after the [Rent Commencement Date], the balance on hand in the Capitalized Interest Fund (except such amount as is necessary, when added to scheduled payments of Monthly Rent, to pay interest on the Bonds on the next Interest Payment Date), at the written direction of the Issuer, with a copy to the County, shall be transferred to the Bond Proceeds Account of the Project Fund to be disbursed to pay any unpaid Costs of the Project or shall be transferred to the Principal Account to be applied to pay principal of the Bonds.

### **Deposits into the Bond Fund**

Following the issuance of the Bonds and until the Substantial Completion Date, the deposits to the Interest Account of the Bond Fund shall be made from funds on hand in the Capitalized Interest Fund. Following the Substantial Completion Date, the deposits to the Bond Fund are expected to be made from the following sources (not identified in order of priority) (i) transfers made from the Bond Proceeds Account and/or the Non-Bond Proceeds Account in the Project Fund, (ii) transfers made from the Capitalized Interest Fund to the Principal Account; and (iii) money on hand in the Revenue Fund. Notwithstanding the foregoing, the Trustee may accept deposits from any source, with written instructions from the Issuer or the County, as applicable, with a copy to the other, to deposit the same into the Bond Fund.

The Trustee shall deposit the following sums into the Bond Fund: (1) on each Interest Payment Date, to the Interest Account an amount that, together with any other money then available therefor in the Interest Account, will be equal to the interest on all of the Bonds then Outstanding to become due and payable on that Interest Payment Date; (2) on each Principal Payment Date for as long as any of the Bonds are Outstanding and unpaid, to the Principal Account an amount that, together with any other money available therefor in the Principal Account, will be equal to the principal (including mandatory redemption amounts) of the Bonds to become due and payable on that Principal Payment Date; (3) on each date on which the Bonds are subject to redemption prior to maturity, whether by optional redemption or acceleration prior to maturity, to the Redemption Account the redemption price of the Bonds to be redeemed; (4) as received, all investment earnings on the Bond Fund to the

respective account; and (5) all other money directed in writing by the Issuer or the County, with a copy to the Issuer or the County, as applicable, to be deposited therein.

Except as otherwise provided in the Indenture in connection with application of Revenues and other funds after a default and discharge of the Indenture and defeasance of the Bonds, money in the Bond Fund shall be used solely for the payment of the principal of and interest on the Bonds as the same shall become due and payable at maturity, upon redemption or acceleration or otherwise, and the lien, pledge, and security interest of the Trustee for the benefit of the Owners of Bonds on such money shall be first and prior to the lien, pledge, security interest of any other Person thereon.

### **Additional Rent**

From and after the Rent Commencement Date, the County shall pay as Additional Rent amounts sufficient to pay or reimburse the Issuer for all Operating Costs incurred by the Issuer pursuant to an Annual Operating Budget approved by the County pursuant to the Facilities Lease. In addition, the County shall pay to Trustee, as Additional Rent, one-half of the Annual Capital Repair Reserve Payment which has been reasonably established for the Premises. In consideration of the County's payment of the Operating Costs, the Issuer shall be responsible for all operations and all property management for the Premises. The Issuer shall at all times use its best efforts to operate the Premises in an economically reasonable manner and minimize 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 operation and maintenance of the Premises, as described in the Facilities Lease.

### **No Reserve Fund**

There is no debt service reserve fund established for the Bonds.

### **Additional Bonds**

Pursuant to the Indenture, the Issuer may issue additional obligations payable from or secured by the Trust Estate at the direction of the County for the purpose of refunding all or a portion of the Bonds or for the purpose of financing the repair or replacement of tenant improvements to the Premises, with a security interest, pledge, or lien on the Trust Estate on a parity with the security interest, pledge, and lien thereon of the Bonds upon compliance with certain conditions precedent as set forth in the Indenture, including: (a) the Ground Lease and the Facilities Lease are in effect and no Facilities Lease Default Event has occurred and is then continuing as evidenced to the Trustee by a certificate of the County; (b) the County and the Issuer enter into and approve an amendment to or restatement of the Facilities Lease providing for Base Rent payments sufficient to pay all payments of principal of, interest and premium, if any, on all Outstanding Bonds and Additional Bonds; (c) the amendment or restatement of the Facilities Lease or a memorandum thereof must be recorded; (d) appropriate title insurance endorsements, as necessary, are delivered to the Trustee; provided, that the Trustee has no duty to request or examine any such endorsements or to determine the adequacy or sufficiency of any such endorsements; (e) the Issuer and the Trustee enter into a Supplemental Indenture providing for the creation of a bond fund for the payment of principal of and interest on the Additional Bonds and other funds required to effect the refunding of all or a portion of the Bonds; (f) the Other Documents, as applicable, are amended as necessary to provide that such Other Documents secure the principal of and interest on all Outstanding Bonds and Additional Bonds; and (g) the Issuer and the Trustee receive an opinion of Bond Counsel to the effect that the issuance of such Additional Bonds is authorized under the Indenture, shall not adversely affect the tax-exempt status of other Bonds originally issued on a tax-exempt basis, and that all conditions to the issuance of such Additional Bonds set forth in the Indenture and the Other Documents have been complied with. "Other Document" means any or all of the Ground Lease, Facilities Lease, the Deed of Trust, the Development Agreement, the applicable Uniform Commercial Code financing statements, the Assignment of Leases, the Assignment of Construction Documents and the Subordination, Non-Disturbance and Attornment Agreement,

dated as of [As of Date] (the “Subordination, Non-Disturbance and Attornment Agreement”), by and among the Issuer, the County and the Trustee.

## **Insurance**

Pursuant to the Facilities Lease, the Issuer has agreed to obtain from and after the Substantial Completion Date certain types of insurance, including commercial general liability insurance, commercial property insurance and twenty-four (24) months of rental interruption coverage for the costs of Base Rent and Additional Rent, with Extra Expense coverage and naming Trustee and the County as loss payee as each of their interests may appear. The Issuer shall further cause the Premises to be insured against the perils of earth movement and flood, either as part of the aforementioned commercial property policy, or under a separate policy or policies. Such earth movement and flood insurance shall include twenty-four (24) months of rental interruption coverage and shall name the Trustee as loss payee as its interests may appear. The Issuer will cause coverage to be maintained against loss arising from earth movement 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 the Facilities Lease if coverage is no longer written, is unavailable for properties comparable to the Premises or is not available at commercially reasonable premium amounts. The Facilities Lease further sets forth certain minimum scope of insurance coverage for the County and provides that the County may self-insure for various risks, including general liability and workers’ compensation liability. Pursuant to the Indenture, if the Facilities Lease terminates by its terms at any time that Bonds remain Outstanding under the Indenture, the Issuer covenants to obtain and maintain, or cause the County to obtain and maintain, liability and property insurance substantially as described in the Facilities Lease. See Appendix C – “FORMS OF PRINCIPAL LEGAL DOCUMENTS – The Facilities Lease – Insurance” attached hereto.

## **Warranties**

During the term of the Facilities Lease, the Issuer is required to use 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. The Issuer is also required to 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. Notwithstanding the foregoing, following final acceptance of the Premises, the County may require the Issuer to assign any such warranties to the County and the County will thereafter be responsible for enforcement of such warranties.

## **Damage; Destruction; Condemnation**

***Insured Damage - Partial or Total Destruction.*** If during the term of the Facilities Lease, the Premises are partially or totally destroyed by any casualty that is covered by insurance pursuant to the Facilities Lease, rendering the Premises partially or totally inaccessible or unusable, the Issuer shall restore the Premises to substantially the same condition as they were in immediately before such destruction, if (i) the insurance proceeds available to the Issuer equal or exceed the cost of such restoration, (ii) such restoration can be completed within a period which is not longer than twenty-four (24) months from date of such destruction, and (iii) such restoration is permitted under then existing Applicable 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. The insurance proceeds shall be retained by Trustee who shall disburse same to the Issuer from time to time as the restoration work progresses; provided, however, that the Issuer shall complete such restoration as soon as reasonably practical, but in any event not longer than that period which is twenty-four (24) months from the date of such destruction. If the foregoing conditions cannot be met, such destruction shall be treated as “Underinsured Damage” as described below in accordance with the Facilities Lease.

***Underinsured Damage.*** If during the term of the Facilities Lease, the Premises are partially or totally destroyed by any casualty and the conditions set forth under “Insured Damage – Partial or Total Destruction”

above cannot be met, the Issuer shall provide written notice to the County and the 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 the County's receipt of the Issuer's notice, the County shall notify the Issuer in writing whether the County will proceed to satisfy the conditions which cannot be met, including the deposit of funds with the Trustee sufficient to restore any Underinsured Damage. If the County so fulfills such conditions, then the Issuer shall proceed to restore the Premises in accordance with the terms agreed between the Issuer and the County. In that event, the insurance proceeds shall be retained by Trustee who shall disburse same to the Issuer from time to time as the restoration work progresses. If the County elects not to fulfill such conditions and the Premises are totally destroyed, the Facilities Lease shall terminate and the entire amount of the insurance proceeds held by Trustee shall be used to repay, redeem or defease Bonds and to reimburse Trustee for any costs incurred by Trustee for which it is entitled to reimbursement under the Indenture. If the County elects not to fulfill such conditions and the Premises are partially destroyed, the Facilities Lease shall not terminate, the County shall continue to pay Rent subject to Abatement and the amount of the insurance proceeds held by Trustee shall be disbursed to the Issuer to complete such restoration as the Issuer reasonably determines to be practicable to allow for the County's partial use of the Premises for its intended purposes. Any insurance proceeds not disbursed for such restoration shall be used to repay or defease Bonds and to reimburse Trustee for any costs incurred by Trustee for which it is entitled to reimbursement under the Indenture. If any monies deposited by the County in connection with any restoration as described in this paragraph remain after the Premises have been restored, those monies shall be returned to the County.

***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 (a "Condemnation") such that there can be no reasonable use of the Premises by the County, as reasonably determined by the County, the Facilities 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 the County's leasehold estate under the Facilities Lease) shall be paid to the Trustee and applied to repay, redeem or defease Bonds in accordance with the Indenture. Any Condemnation proceeds remaining after Bonds have been paid in full shall be paid to the County.

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, and any funds remaining in such account as of Substantial Completion shall be used to repay, redeem or defease Bonds in accordance with the Indenture. If, after Substantial Completion of the Project, there is a partial taking of the Premises by Condemnation, and the County determines that restoration is possible or a reasonable use can be made of the Premises by the County without restoration, then the condemnation proceeds shall be paid to Trustee who shall, as applicable, (i) deposit such condemnation proceeds into the Capital Repairs Fund and shall disburse such condemnation proceeds to the Issuer from time to time as restoration progresses, or (ii) apply such amounts to repay, redeem or defease Bonds in accordance with the Indenture. Following any partial taking of the Premises by Condemnation in which the County determines that restoration is possible or a reasonable use can be made of the Premises by the County without restoration, Rent (other than Additional Rent for payment of Operating Costs) shall be subject to Abatement to the extent and during the period that the partial condemnation results in substantial interference with the County's right to the use and occupancy of the Premises. Following any partial taking of the Premises in which the County determines that restoration is not possible and no reasonable use can be made of the Premises by the County, the Facilities 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 the County's leasehold estate under the Facilities Lease) shall be paid to Trustee and applied to repay, redeem or defease Bonds in accordance with the Indenture. Any Condemnation proceeds remaining after Bonds are no longer Outstanding shall be paid to the County. See "CERTAIN RISK FACTORS – Condemnation of the Project." See also APPENDIX C – "FORMS OF PRINCIPAL LEGAL DOCUMENTS – The Facilities

Lease” and “– The Development Agreement” for a description of the provisions applicable to a partial condemnation of the Premises.

### **Events of Default and Remedies under the Indenture**

**Events of Default.** The following are Events of Default under the Indenture: (a) default in the due and punctual payment of the principal of any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by acceleration, or otherwise; (b) default in the due and punctual payment of any installment of interest on any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by acceleration, or otherwise; (c) default by the Issuer in the observance of any of the other covenants, agreements or conditions on its part contained in the Indenture or in the Bonds, if such default shall have continued for a period of 30 days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the Issuer and the County by the Trustee, or to the Issuer, the County and the Trustee by the Owners of a majority in aggregate principal amount of the Bonds at the time Outstanding; (d) except with respect to matters constituting Events of Default as set forth in clauses (a), (b) and (c) above, any failure by the Issuer to observe or perform any covenant, condition, agreement or provision in the Deed of Trust on its part to be observed or performed which failure continues at least for a period of 30 days following written notice given by the Trustee to the Issuer and the County specifying such failure and requesting that such failure be remedied by the Issuer or the County; or (e) the occurrence of an Event of Bankruptcy.

**Remedies.** If any Event of Default identified in clause (a) or (b) of the preceding paragraph occurs, then, and in each and every such case during the continuance of such Event of Default, the Trustee or the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding shall be entitled and upon notice in writing to the Issuer, the Trustee and the County, to declare the principal of all of the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything in the Indenture or in the Bonds contained to the contrary notwithstanding, and interest on the Bonds shall cease to accrue on the date of such declaration. The Trustee shall give notice of such declaration by mail to the respective Owners of the Bonds at their addresses appearing on the Bond Register. **Notwithstanding the foregoing, payments of Base Rent under the Facilities Lease are not subject to acceleration.** See “– Events of Default and Remedies under the Facilities Lease” and “CERTAIN RISK FACTORS – Limitations on Remedies; No Acceleration of Base Rent Upon an Event of Default” below.

Upon the occurrence and continuance of an Event of Default, then and in every such case the Trustee in its discretion may, or upon written demand of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding and receipt of indemnity against anticipated expenses and liability to its satisfaction (which indemnity is a condition precedent to its duties under the Indenture), shall, in its own name and as the Trustee of an express trust take any or all of the following actions if the Bonds are not fully paid: (a) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Owners and require the Issuer or the County to carry out any agreements with or for the benefit of the Owners of Bonds and to perform its or their duties under the Facilities Lease and the Indenture, provided that any such remedy may be taken only to the extent permitted under the applicable provisions of the Facilities Lease or the Indenture, as the case may be; (b) bring suit upon the Bonds; (c) by action or suit in equity require the Issuer to account as if it were the trustee of an express trust for the Owners of Bonds; (d) upon the occurrence of Event of Default described in clause (a) or (b) of the first paragraph under this caption, foreclose the Deed of Trust or exercise any other remedies thereunder, including the reletting of the Premises for any commercial purpose; (e) exercise any remedy under the Facilities Lease by the Issuer of the Premises or any other lease by the Issuer of the Premises; (f) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Owners of Bonds; or (g) take any action or exercise any remedy under the Construction Contracts (as such term is defined in the Development Agreement) and the Development Agreement, if such contracts and agreement remain in effect.

Anything in the Indenture to the contrary notwithstanding, the Trustee shall not be required to enter, take possession of, or take any other action whatsoever with respect to the Premises unless the Trustee is satisfied that the Trustee will not be subject to any liability under Environmental Laws or from any circumstances present at the Premises relating to the presence, use, management, disposal or contamination by any environmentally hazardous materials or substances of any kind whatsoever.

***Application of Revenues and Other Funds After Default.*** If an Event of Default shall occur and be continuing, all Revenues and any other funds then held or thereafter received by the Trustee under any of the provisions of the Indenture shall be applied by the Trustee as follows and in the following order:

(a) To the payment of any expenses necessary in the opinion of the Trustee to protect the interests of the Owners of the Bonds and payment of reasonable fees and charges and expenses of the Trustee (including reasonable fees and disbursements of its counsel and agents) incurred in and in connection with the performance of its powers and duties under the Indenture;

(b) To the payment of the principal of and interest then due on the Bonds (upon presentation of the Bonds to be paid, and stamping thereon of the payment if only partially paid, or surrender thereof if fully paid) subject to the provisions of the Indenture, as follows:

(1) Unless the principal of all of the Bonds shall have become or have been declared due and payable,

First: To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the persons entitled thereto of the unpaid principal of any Bonds which shall have become due, whether at maturity or by call for redemption, with interest on any overdue principal at the rate borne by the respective Bonds, and, if the amount available shall not be sufficient to pay in full all the Bonds, together with such interest, then to the payment thereof ratably, according to the amounts of principal due on such date to the persons entitled thereto, without any discrimination or preference;

(2) If the principal of all of the Bonds shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon those Bonds, with interest on the overdue principal at the rate borne by the Bonds and to the payment of the principal of and interest due on other Bonds, and, if the amount available shall not be sufficient to pay in full the whole amount so due and unpaid, then to the payment thereof ratably, without preference or priority of principal over interest, or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference; and

(c) All other amounts due to any other Person legally entitled thereto.

See APPENDIX C – “FORMS OF PRINCIPAL LEGAL DOCUMENTS – The Indenture – Events of Default and Remedies of Owners.”

### **Deed of Trust and Other Security Documents**

The Deed of Trust grants a lien for the benefit of the Trustee on the Issuer’s interest in the Premises and grants to the Trustee certain remedies following an event of default under the Deed of Trust, including *inter alia*,

the right to foreclose the Issuer's interest in the Premises following the failure of the Issuer to pay any installment of principal of or interest on the Bonds or any other sums payable under the Indenture when due. By exercising this remedy, the Trustee would have the right to take possession of the Premises. In the event the Trustee acquires title to the Premises through foreclosure of the Deed of Trust or by a conveyance in lieu of foreclosure or otherwise, the Issuer will indemnify the Trustee pursuant to the Unsecured Environmental Indemnity Agreement, dated as of [As of Date], for claims arising out of any hazardous materials or toxic substances present on the Premises on or before the date of Trustee's acquisition of title or arising out of the migration of such materials or substances onto other real property.

Pursuant to the Ground Lease, in the event of the termination of the Ground Lease prior to the expiration of its term for any reason, including a termination by reason of a bankruptcy by the Issuer, the County shall provide the Trustee, as Leasehold Mortgagee (the "Leasehold Mortgagee"), written notice, among other things, of such termination and the Leasehold Mortgagee shall thereupon have the option, but shall in no event be obligated, to obtain a new lease in accordance with and upon compliance with the terms and conditions therefor, as set forth in the Ground Lease. The Ground Lease also provides that if the Issuer or its bankruptcy trustee rejects the Ground Lease during its term in a proceeding under Section 365 of the United States Bankruptcy Code or similar or successor statute, such rejection will have no effect on the rights of Leasehold Mortgagee with respect to its lien and security interests, as set forth under Section 6.2 of the Ground Lease, which rights will remain in full force and effect notwithstanding such rejection as if the same were provided for in a separate and independent agreement between County and the Leasehold Mortgagee, and the Leasehold Mortgagee shall have the right to a new ground lease on the same terms and conditions set forth in Section 6.2 of the Ground Lease. See APPENDIX C – "FORMS OF PRINCIPAL LEGAL DOCUMENTS – Ground Lease."

Under the Indenture, without the consent of or notice to the Owners of the Bonds, but with the written consent of the Trustee, the Issuer and the County shall have the right to amend the Ground Lease, Facilities Lease and the Deed of Trust from time to time to exclude portions of the real property from the Premises originally demised thereunder: (1) as may be necessary to comply with permitting requirements or to complete the Project as long as such amendment does not reduce or otherwise adversely affect the County's obligation to pay Base Rent under the Facilities Lease; or (2) except as provided in clause (1) above, upon satisfaction of the following conditions: (i) the Issuer and the County shall receive, and shall provide to the Trustee a copy of, a survey certified by a licensed California surveyor delineating the boundaries and legal description of the remaining Premises that will continue to be demised thereunder; (ii) the Issuer, the Trustee, and the County shall receive an opinion of counsel or other evidence reasonably satisfactory to the Issuer that the remaining Premises (A) is assessed as a separate tax parcel, and (B) will be in compliance with, and not in violation of, any applicable covenants, restrictions, statutes, laws, ordinances, rules and/or regulations pertaining to the use and development of the remaining Premises, including but not limited to those pertaining to subdivision and platting; (iii) the County as the owner of the remaining Premises shall provide such easements and reciprocal agreements as may be necessary to provide comparable pedestrian, vehicular access and other uses, amenities and operations to the Premises (including public utilities) as existed prior to the release of such property from the Premises originally demised thereunder; (iv) the Issuer shall receive an appraisal prepared by a disinterested appraiser that the remaining Premises has a fair market value which is not less than the principal balance outstanding under the Bonds; (v) such exclusion will not affect payment to the Issuer of Base Rent required under the Facilities Lease; and (vi) the Issuer and the Trustee shall receive an Opinion of Bond Counsel satisfactory to LACF and County and the Trustee that such exclusion shall not adversely affect the tax-exempt status of interest payable on the Bonds and that all conditions to any amendment of the Ground Lease, Facilities Lease or the Deed of Trust to exclude portions of the real property from the Premises set forth herein and in the document to be amended have been complied with.

The Issuer, the County, and the Trustee will also enter into the Subordination, Non-Disturbance and Attornment Agreement, pursuant to which the Facilities Lease and the leasehold interests thereunder and estate created thereby and all of the County's rights thereunder, including, without limitation, all purchase options and all other rights or interests of the County under the Facilities Lease, shall be and shall at all times remain subject, subordinate and inferior to the Deed of Trust and the lien thereof, and all rights, privileges and powers of the

Trustee and to any and all renewals, modifications, consolidations, replacements and extensions thereof; provided, however, that all condemnation awards and insurance proceeds paid or payable with respect to the Premises and received by Issuer or Trustee shall be applied as provided in the Facilities Lease to the repair and restoration of the Premises or used to redeem or defease Bonds or as otherwise required under the Indenture. The fee simple interest of the County in the Property is not subject to the subordination granted by the Subordination Agreement. In addition, the Subordination Agreement provides that if the interests of the Issuer in the Premises shall be transferred by reason of the exercise of the power of sale contained in the Deed of Trust, or by any foreclosure or other proceeding for enforcement of the Deed of Trust, or by deed in lieu of foreclosure or such other proceeding, the County shall be bound to the Trustee or the party acquiring the interests of the Issuer (the "Succeeding Landlord") under the Ground Lease and the Facilities Lease in the Premises under all of the terms, covenants and conditions of the Ground Lease and the Facilities Lease for the balance of the term thereof and any extensions or renewals thereof which may be effected in accordance with any option in the Facilities Lease, with the same force and effect as if the Succeeding Landlord were the tenant under the Ground Lease and the landlord under the Facilities Lease, and the County, as tenant under the Facilities Lease, attorns to the Succeeding Landlord, as its lessor under the Facilities Lease.

The Issuer and the Trustee also will enter into the Assignment of Leases under which the Issuer will assign to the Trustee: (i) all existing and future leases upon all or relating to any part of the Premises, including the Facilities Lease; (ii) any and all guaranties of any tenants' performance under any and all leases of the Premises; and (iii) the right to collect and receive all of the rents, income, receipts, revenues, issues, profits, and other income of any nature pertaining to or arising from any lease of the Premises, including the Facilities Lease (other than the Capital Repair Reserve Payments to be paid under the Facilities Lease).

Further, pursuant to the Ground Lessor Consent, Estoppel, Recognition and Non-Disturbance Agreement, dated as of [As of Date] (the "Non-Disturbance Agreement"), by and among the County, the Issuer and the Trustee, the County, among other things, agrees to recognize and not to disturb the rights of the Trustee under the Deed of Trust.

#### **Events of Default and Remedies under the Facilities Lease**

***Default by the County.*** The occurrence of any of the following shall constitute an "Event of Default" by the County under the Facilities Lease: (a) failure to make any payment or any other payment due or required under the Facilities Lease, if the failure to pay is not cured within ten (10) days after written notice of such failure from the Trustee or the Issuer has been received by the County; provided, however, failure to pay the Base Rent at least one (1) business day prior to the Rent Payment Date shall be deemed an immediate default; and (b) failure to materially perform any other provision of the Facilities Lease if the failure to perform is not cured within thirty (30) days after written notice of such failure from Trustee or the Issuer has been received by the County; provided, however, if the default cannot reasonably be cured within such thirty (30) days, then such default shall not constitute an Event of Default if the County commences to cure the default within thirty (30) days and diligently and in good faith continues to cure such default until cured.

***Remedies for the County Default.*** If the County commits an Event of Default as described in the preceding paragraph and fails to cure such default within the time period provided therein (in lieu of any statutory requirements), then the Issuer shall have the right to pursue any and all remedies available at law or in equity, including without limitation, the right to (a) terminate the Facilities Lease or (b) so long as the Issuer or its assignee does not terminate the County's right to possession, the Facilities Lease shall continue in effect and the Issuer or its assignee shall have the right enforce all of its rights and remedies under the Facilities Lease, including the right to recover Base Rent payments as they become due hereunder pursuant to Section 1951.4 of the California Civil Code. **Notwithstanding the foregoing, in no event shall the Issuer have the right to accelerate any payments owing by the County under the Facilities Lease.**

Notwithstanding anything to the contrary herein, in the event the County commits an Event of Default under the Facilities Lease in connection with the Annual Capital Repair Reserve Payment and fails to cure such



default within the time period provided herein, the Issuer shall have no right to cancel and terminate the Facilities Lease or evict the County and re-enter the Premises through an unlawful detainer action or otherwise.

***Default by the Issuer.*** The Issuer shall be in default if the Issuer fails to perform its obligations (i) within five (5) Business Days after notice by the County specifying the obligation which the Issuer has failed to perform if such failure occurs prior to the Substantial Completion Date and (ii) within thirty (30) days after notice by the County specifying the obligation which the Issuer has failed to perform if such failure occurs after the Substantial Completion Date; provided, that if the nature of the Issuer's obligation is such that more than five (5) Business Days or thirty (30) days, as applicable, are required for performance, the Issuer shall not be in default if the Issuer commences diligent performance within such period following the County's notice and thereafter completes performance within a reasonable time. In the event that the Issuer fails to cure any such default within the time periods permitted, the County shall have the right to pursue any and all remedies available at law or in equity, or have the option to pursue such remedies after resort to the procedure provided in the Facilities Lease, provided, however, that the County shall have (i) no right to offset against Rent payable under the Facilities Lease, and (ii) no right to terminate the Facilities Lease or the Ground Lease so long as the Bonds remain Outstanding.

***Trustee's Rights.*** For so long as the Deed of Trust remains in force and effect the following provisions shall apply:

(a) From and after the date the County provides notice of such default to the Issuer and the Trustee as specified in the Facilities Lease, Trustee shall have the same period, after the giving of such notice upon it, for remedying any default or acts or omissions which are the subject matter of such notice, or causing the same to be remedied, as is given the Issuer after the giving of such notice to the Issuer under the Facilities Lease, plus in each instance the additional periods of time specified in the Facilities Lease to remedy, commence remedying or cause to be remedied, the defaults or acts or omissions which are specified in such notice.

(b) The Trustee shall have the right, but not the obligation, to remedy such default or cause the same to be remedied for a period of ninety (90) days after the expiration of the Issuer's cure period, if any, provided under the Facilities Lease, for the Issuer to remedy same, and the County shall accept such performance by or at the instance of Trustee as if the same had been made by the Issuer.

(c) If the default is reasonably susceptible of cure, but cannot reasonably be remedied within ninety (90) days, the County shall not terminate the Facilities Lease, so long as (a) defaults in the payment of money under the Facilities Lease are cured, within ninety (90) days and (b) the cure for any non-monetary default under the Facilities Lease has commenced, and is thereafter diligently and in good faith continuously prosecuted to completion. Such cure period shall include any time required to obtain possession of the Premises by foreclosure of the Leasehold Mortgage or by other appropriate means by reasonable diligence, or until such earlier time as all defaults of the Issuer are cured. Nothing in the provisions described under this caption, however, shall be construed to extend the Facilities Lease beyond the Term, nor to require a Trustee to continue such foreclosure proceedings after all defaults are cured. Once all defaults are cured, the Facilities Lease shall continue in full force and effect as if the Issuer had not defaulted.

#### **Developer's Limited Obligation for Carrying Costs**

In the Development Agreement, the Developer has warranted the construction and completion of the Project (to the extent of "Project Costs" as defined in the Development Agreement) for the Fixed Price. As described in further detail under "THE PROJECT – Construction of the Project," if Substantial Completion of the Project fails to occur by the Developer Obligation Date, the Developer may be obligated, under certain circumstances, to pay to the Trustee "Monthly Carrying Costs" equal to the amount that would be payable to the Trustee under the Indenture if Substantial Completion of the Project had occurred on the Developer Obligation Date; provided, however, the Monthly Carrying Costs shall be calculated on a daily basis so that if, by way of example, Substantial Completion of the Project is one day after the Developer Obligation Date, then the Monthly

Carrying Costs shall equal 1/30th of the Monthly Carrying Cost for the subject month. The Monthly Carrying Cost is, in turn, equal to one-sixth (1/6th) of the Base Rent that would be payable by the County under the Facilities Lease on the next Rent Payment Date if Substantial Completion of the Project had so occurred, but the Developer's obligation to pay the Monthly Carrying Cost shall be offset by any amounts of Base Rent paid or payable by the County under the Facilities Lease. In no event and under no circumstance shall the Developer be obligated to make out-of-pocket payments for Monthly Carrying Costs in excess of that portion of the Developer's Fee theretofore received by the Developer under the Development Agreement plus any available insurance proceeds. However, any further obligation of Developer for Monthly Carrying Costs shall result in a forfeiture by the Developer of that portion of the remainder of its Developer's Fee equal to the amount of the Developer's remaining obligation (if any) for such Monthly Carrying Costs and the Issuer shall issue notice to Trustee to transfer any such forfeited amount of Developer's Fee to the appropriate account under the Indenture for payment of debt service on the Bonds. The Developer may also be required, under certain circumstances, to advance funds to the Trustee to the extent the Project is not "in balance" under the terms of the Development Agreement, subject to the limitations set forth in the Development Agreement. See "THE PROJECT—Construction of the Project—*Development Agreement*."

### **Amendments to the Principal Documents**

The Indenture provides that it may be supplemented without consent of Bond Owners in certain circumstances and that the consent of a majority of the Bond Owners is required for supplements in other circumstances where the rights of Bond Owners will be materially adversely affected. In addition, the Indenture provides that the Other Documents may be amended without consent of the Bond Owner in certain circumstances, which include, but are not limited to, permitting a partial release of the Premises from the lien of the Deed of Trust, and may be amended only with the consent of a majority of the Bond Owners in other circumstances where the rights of Bond Owners will be materially adversely affected. See APPENDIX C – "FORMS OF PRINCIPAL LEGAL DOCUMENTS."

## **THE ISSUER**

### **General**

The Issuer is a California nonprofit public benefit corporation and 501(c)(3) organization organized in March 2019 under the Nonprofit Public Benefit Corporation Law of the State (Corporations Code Sections 5110 *et seq.*) exclusively to act as a supporting organization described in Section 509(a)(3) of the Internal Revenue Code authorized to benefit, perform the functions of and/or assist in carrying out the governmental purposes of the County, to issue the Bonds as an "on-behalf-of issuer" and enter into and fulfill its obligations under the Development Agreement, the Ground Lease, the Facilities Lease, the Deed of Trust and the Indenture, and to engage in other activities necessary or desirable in connection with or incidental to the Project. The Issuer is a single-purpose entity, is not a governmental unit, and has no taxing power. The Issuer has no source of funds to pay debt service on the Bonds other than the Trust Estate pledged under the Indenture. The sole member of the Issuer is Public Facilities Group ("PFG"), a 501(c)(3) organization organized in 2016 under the laws of the State of Washington. PFG's primary purpose is to form single purpose 501(c)(3) organizations, including the Issuer, to structure, finance, develop, own and operate specific public facilities on behalf of governmental entities, and to act as a supporting organization to such governmental entities. However, the Issuer, like the other such organizations formed by PFG, is a distinct entity with its own separate assets and liabilities. The Bonds are issued and all contracts are entered into by the Issuer in its own name and as its own separate obligation. The Issuer has no employees of its own, and has entered into a Services Agreement with PFG under which PFG provides administrative, professional and accounting personnel, office space and supplies, and other overhead and services required by the Issuer and the Issuer pays to PFG the income that it receives with respect to the financing and operation of the projects it undertakes, to the extent the Issuer and PFG have determined that such income represents an appropriate valuation of the services provided and a fair and appropriate allocation of the costs incurred by PFG in providing such resources, services and support. All of the current board members of the

Issuer are employees of PFG (although, as described below, the Issuer intends to appoint an additional “independent director” for bankruptcy and other limited purposes).

### **Governance Agreement**

Pursuant to the Issuer Fee and Governance Agreement, dated as of [As of Date] (the “Governance Agreement”), between the Issuer, PFG and the County, the County has the right to cause PFG to be replaced as the sole member of the Issuer under the following circumstances: (1) prior to expiration of the “Warranty Period” (being the period from the date of the Governance Agreement to the date that is one (1) year following Substantial Completion of the Project), the County shall have the right, upon written notice to the Issuer and PFG, upon the occurrence of a For Cause Event (as defined below) to require that PFG be replaced as the sole member of the Issuer by the County or its designee, and (2) following expiration of the Warranty Period, the County shall have the right, upon at least sixty (60) days’ prior written notice to the Issuer and PFG, to require that PFG be replaced as the sole member of the Issuer by the County or its designee, regardless of whether or not a For Cause Event has occurred. “For Cause Event” means any of the following: (a) any officer or director of the Issuer is convicted of, or pleads guilty or nolo contendere to, (i) crimes involving fraud, misappropriation and embezzlement, or (ii) a felony; (b) the officers, collectively, of the Issuer are absent from, or do not substantially perform their usual duties for, the Issuer for any continuous thirty (30) day period or for more than sixty (60) days in any 365-day period; (c) the Issuer misappropriates Bond funds, otherwise acts fraudulently, commits willful misconduct, or is reckless or grossly negligent in the performance of its duties under the Ground Lease, Facilities Lease, Development Agreement, or Construction Contracts (as defined in the Facilities Lease); (d) (i) the Issuer materially breaches its obligations under the Ground Lease, Facilities Lease, Development Agreement or Construction Contracts; (ii) such breach has a material adverse effect on the construction of the Project; and (iii) the Issuer either fails to cure such breach within thirty (30) days after its receipt of written notice thereof from the County or, if such breach is incapable of being cured within such thirty (30) day period, fails to continue to use its best efforts to cure such breach; (e) a court of competent jurisdiction enters an order or decree as a result of which PFG is effectively prohibited or enjoined from performing its responsibilities as the member of the Issuer; or (f) PFG or the Issuer (i) files a petition under any federal or state law concerning bankruptcy, reorganization, insolvency or relief from creditors, or if such a petition is filed against PFG or the Issuer without its consent, it is not dismissed within sixty (60) days; or (ii) consents to the appointment of a receiver, trustee, liquidator or custodian with respect to PFG or the Issuer (as applicable), or a receiver, trustee, liquidator or custodian is appointed with respect to PFG or the Issuer and such appointment is not terminated within sixty (60) days.

Pursuant to the Governance Agreement, PFG and the Issuer agree that, upon receipt of the notice described in clauses (1) or (2) above, they shall cause the Articles of Incorporation and Bylaws of the Issuer to be amended so as to remove PFG as the sole member of the Issuer and substitute in its place the County or the County’s designee. Also, PFG and the Issuer agree to take any further actions reasonably requested by the County to accomplish the purposes described in the Governance Agreement, so long as such actions do not require PFG or the Issuer to incur any additional costs or liabilities. Notwithstanding the foregoing, no replacement of PFG as the member of the Issuer shall occur (a) unless and until the Issuer receives an opinion of nationally recognized bond counsel that such replacement will not adversely affect the tax-exempt character of the Bonds, or (b) if the Issuer reasonably determines that such replacement will adversely affect the Issuer’s status as a 501(c)(3) corporation. Furthermore, nothing in the Governance Agreement shall limit the right of the Issuer or PFG to contest, by appropriate legal action, the County’s determination that a For Cause Event has occurred.

### **Projects**

Since PFG’s formation in 2016, single purpose 501(c)(3) organizations formed by PFG have successfully undertaken three projects in the State. In 2018, Los Angeles County Facilities Inc., a California nonprofit public benefit corporation of which PFG is the sole member, issued \$297,280,000 in tax-exempt bonds and \$5,100,000 in taxable bonds to finance the construction of the adjacent Site 1 Project on behalf of the County.

The Site 1 Project was completed in October 2021, ahead of schedule and under-budget, and was the recipient of the Los Angeles Business Council's 2022 Annual Architectural Award (Civic Category). Also in 2018, Salinas Public Facilities Inc, a California nonprofit public benefit corporation of which PFG is the sole member, issued tax-exempt bonds to finance two projects on behalf of the City of Salinas, California: the approximately \$56 million Salinas Police Services Headquarters, and the approximately \$21 million El Gabilan Branch Library. Both projects were completed on time and on budget.

Prior to forming PFG in 2016,, the principals of the Issuer had extensive experience in the structuring, development, financing and management of economic development projects on behalf of a variety of governmental entities as employees of The National Development Council (now Grow America). John Finke, the President and chairman of the board of directors of the Issuer, was previously a Senior Director at The National Development Council and in that capacity successfully completed over 20 major public projects on behalf of state and municipal governments and universities in the states of Washington, California and Alaska, involving the issuance of tax-exempt and taxable bonds with a principal amount in excess of \$1.5 billion.

### **Organizational and Key Personnel**

The Issuer has a board consisting of three directors. In addition, the Issuer's bylaws provide for, and the Issuer intends to appoint, an "independent director" (the "Independent Director") who will participate only in matters relating to bankruptcy, dissolution or restructuring of the Issuer and certain other changes, and whose affirmative vote would be required in connection with any such decisions. Among other things, except in the capacity as an Independent Director of the Issuer, such person shall not be an officer, employee, director, consultant, agent or attorney of the Issuer, PFG or any affiliate of such entity. The members of the board of directors are elected by the board to serve one-year terms and until their respective successors are elected and qualified or until they resign or are removed, subject to ratification by the Issuer's sole member, PFG. The board has appointed several officers to manage and carry out the business of the Issuer. The following are the current officers and directors of the Issuer:

***John Finke, Director and President.*** Mr. Finke is also the President and a director of PFG. Before joining PFG and the Issuer, Mr. Finke worked for over 30 years for The National Development Council ("NDC") and its affiliates. Most recently, Mr. Finke was a Senior Director of NDC and was responsible for NDC's Public-Private Partnership program nationwide. From 1979 to 1983, Mr. Finke worked as the Development Finance Manager for the City of Seattle's Office of Economic Development. He has served on the Board of Directors of the Pike Place Market Preservation and Development Authority since 1989. Mr. Finke received his B.A. from the University of Washington in 1976 and took graduate studies at the University of Illinois School of Urban Planning.

***Erin Birkenkopf, Director, Vice President, Secretary and Treasurer.*** Ms. Birkenkopf is also Vice President, Secretary and Treasurer of PFG. Before joining PFG and the Issuer, Ms. Birkenkopf worked for four years for The National Development Council as Asset Manager with NDC's Public-Private Partnership program. Prior to her work at NDC, Ms. Birkenkopf worked as an administrator for the University of Washington's Department of Housing and Food Services and as a science educator at the Pacific Science Center. Ms. Birkenkopf received her B.A. from the University of Washington.

***Matt Calcavecchia, Director and Vice President.*** Mr. Calcavecchia is also Vice President of PFG. Before joining PFG and the Issuer, Mr. Calcavecchia worked for 14 years for The National Development Council and its affiliates in various roles and responsibilities, including NDC's Public-Private Partnership program, NDC's advocacy efforts, and as NDC's Director of Communications. Mr. Calcavecchia received an undergraduate degree from the University of Washington in 1998.

## **CERTAIN RISK FACTORS**

*The following factors, along with all other information in this Official Statement, should be considered by potential investors in evaluating the Bonds. However, they do not purport to be an exhaustive listing of risks and other considerations which may be relevant to an investment in the Bonds. In addition, the order in which the following factors are presented is not intended to reflect the relative importance of any such risks.*

### **Special Obligation of the Issuer**

The Bonds are special, limited obligations of the Issuer payable solely from and secured solely by a pledge of the Trust Estate as provided in the Indenture. No revenue, income, receipts, donations, earnings, property or assets of the Issuer, other than the Trust Estate, shall be subject to any lien or claim for the payment of the Bonds or the performance of any other obligation of the Issuer under the Indenture. The Issuer is a single-purpose entity, is not a governmental unit, and has no taxing power. The Issuer has no source of funds available to pay debt service on the Bonds other than the Trust Estate.

The obligation of the County to pay the Base Rent does not constitute a debt of the County or of the State or of any political subdivision thereof in contravention of any constitutional or statutory debt limit or restriction, and does not constitute an obligation for which the County or the State is obligated to levy or pledge any form of taxation or for which the County or the State has levied or pledged any form of taxation. The Bonds shall be special obligations of the Issuer, payable solely from the Base Rent and the other assets pledged therefor under the Indenture. Neither the faith and credit nor the taxing power of the County or the State, or any political subdivision thereof, is pledged to the payment of the Bonds. The Issuer has no taxing power and has no obligation to pay Base Rent.

Although the Facilities Lease does not create a pledge, lien or encumbrance upon the funds of the County, the County is obligated under the Facilities Lease to pay the Rent, including Base Rent, from legally available funds for the use and possession of the Premises as provided therein and the County has covenanted in the Facilities Lease to take such action as may be necessary to include in its annual budget Base Rent and Additional Rent due under the Facilities Lease and to make necessary annual appropriations therefor. The County's obligation to pay Base Rent is subject to abatement (i) in the event that (a) the Premises are damaged or destroyed by fire or other casualty following the Rent Commencement Date, or (b) a defect in the Issuer's title occurs, either of which results in substantial interference with the County's right to the use and occupancy of the Premises or (2) under certain circumstances following any partial taking of the Premises by Condemnation. The County is currently liable on other obligations payable from general revenues, some of which may have priority over the Base Rent and the Additional Rent.

### **Construction and Completion Risk**

The Developer has warranted the delivery of the Project (excluding those portions of the Project that are not paid from Project Costs) for the Fixed Price, constructed in good and workman-like manner and in substantial accordance with the construction documents on or before the Developer Obligation Date. The Developer is responsible for payment of Project Costs exceeding the Fixed Price, other than costs resulting from changes in plans requested by the County or the Issuer or the cost of tenant improvements in excess of the tenant improvement allowance. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Developer's Limited Obligation for Carrying Costs." However, a number of factors could cause the construction of the Project to be delayed. Some of these delays would not obligate the Developer to pay the additional Project Costs. In addition, to the extent that delays in achieving completion of the various components of the Project delay the County's obligation to pay Base Rent, there is no assurance that the Developer's obligation to pay Monthly Carrying Costs, the General Contractor's obligation to pay liquidated damages or other sources will be sufficient to pay debt service on the Bonds when due.

The Development Agreement provides that the Issuer shall be responsible for procuring builder's risk insurance coverage for the Project, unless the Issuer, the Developer and the General Contractor agree that such Contractor shall be responsible therefor. Such insurance shall be written on an "all risk" or "open perils" basis. Coverage shall be provided for (i) losses on an all-risk basis; (ii) the perils of earth movement and flood so long as such coverage is available at commercially reasonable cost and in coverage amounts that are commercially available; (iii) resultant damage from errors in design, plans, specifications, faulty workmanship, materials and construction; (iv) "extra expense"; (v) all materials to be stored offsite and while in transit to the jobsite; (vi) "cold testing" of all building systems; (vii) the Issuer's, the County's and the 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 (for at least twenty-four (24) months) and soft costs such as interest on the Bonds and insurance premiums; (viii) the increased cost of construction, debris removal and demolition due to the operation of building laws and code upgrades; and (ix) direct physical damage to the Project and loss of use caused by an off premises power interruption. The General Contractor is required to obtain payment and performance bonds to insure its performance under the Construction Contract, and no payments will be made to the General Contractor under that contract until those bonds are in place.

Proceeds of the Bonds will fund capitalized interest. The capitalized interest and interest earnings thereon are expected to be sufficient to pay debt service on the Bonds until Substantial Completion of the Project in [Month, Year]. However, in the event that Substantial Completion is significantly delayed beyond such date, there may be insufficient capitalized interest to cover all interest payments as they come due.

#### **Additional Obligations of the County**

The County has the ability to enter into other obligations which may constitute additional charges against its revenues. To the extent that additional obligations are incurred by the County, the funds available to pay Base Rent may be decreased.

The Base Rent and other payments due under the Facilities Lease (including payment of costs of replacement, maintenance and repair of the Property and taxes, other governmental charges and utility charges levied against the Property) are payable from funds lawfully available to the County. In the event that the amounts which the County is obligated to pay in a Fiscal Year exceed the County's revenues for such year, the County may choose to make some payments rather than making other payments, including Base Rent, based on the perceived needs of the County. The same result could occur if, because of California constitutional limits on expenditures, the County is not permitted to appropriate and spend all of its available revenues. In such event, the County may not have sufficient funds available to pay the Base Rent when due.

#### **Insurance on the Project**

Under the Facilities Lease, the Issuer is required to maintain through the term of the Facilities Lease policies of insurance covering loss or damage to the Premises in the full amount of its replacement cost. If the Premises are damaged or destroyed, there can be no assurance that the insurance proceeds will be sufficient to repair or restore the Project, or to redeem or defease all of the then Outstanding Bonds. See APPENDIX C – "FORMS OF PRINCIPAL LEGAL DOCUMENTS – Facilities Lease." Neither the Issuer nor the County makes any representation regarding whether the provider of any insurance policy will pay under the respective policy.

#### **Adequacy of County Insurance Reserves or Insurance Proceeds**

The County may self-insure for certain types of insurance required under the Facilities Lease. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Insurance" and APPENDIX C – FORMS OF PRINCIPAL LEGAL DOCUMENTS – FACILITIES LEASE – Insurance." The County intends to self-insure for workers' compensation insurance and general liability insurance with respect to the Premises. If the County elects to self-insure against other risks, no assurance can be given that the insurance reserves established

by the County will be sufficient to satisfy any loss which the County may experience. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Abatement” and “– Abatement” below.

### **Condemnation of the Project**

If all or a portion of the Premises were condemned, there can be no assurance that any such award or payment will be sufficient at the time to redeem or defease all of the then Outstanding Bonds. If the award is less than the amounts remaining on the Outstanding Bonds, then the Bondholders will be paid less than the amounts remaining on the Outstanding Bonds. See APPENDIX C – “FORMS OF PRINCIPAL LEGAL DOCUMENTS.”

### **Abatement**

Pursuant to the Facilities Lease, in the event that (i) the Premises are damaged or destroyed by fire or other casualty following the Rent Commencement Date, or (ii) a defect in the Issuer’s title occurs, either of which results in substantial interference with the County’s right to the use and occupancy of the Premises, the Facilities Lease shall not terminate (except as provided in Section 19.2), but the Rent otherwise payable by the County thereunder (other than Additional Rent for payment of Operating Costs) shall be subject to abatement during the period of such interference.

In the event that such portion of the Premises, if damaged or destroyed by an insured casualty, could not be replaced during the period of time in which proceeds of the County’s rental interruption insurance will be available in lieu of Base Rent, plus the period for which funds are available from other funds and accounts established under the Indenture, or in the event that casualty insurance proceeds or condemnation proceeds are insufficient to provide for complete repair or replacement of such portion of the Premises or redemption of the Bonds, there could be insufficient funds to make payments to Owners of the Bonds in full.

### **Bankruptcy**

***Bankruptcy of the County.*** In addition to the limitation on remedies contained in the Indenture, the rights and remedies provided in the Indenture, the Ground Lease, and the Facilities Lease may be limited by and are subject to the provisions of federal bankruptcy laws and to other laws or equitable principles that may affect the enforcement of creditors’ rights. The County is a political subdivision of the State and, therefore, the County cannot be the subject of an involuntary case under the United States Bankruptcy Code (the “Bankruptcy Code”). However, pursuant to Chapter 9 of the Bankruptcy Code, the County may seek voluntary protection from its creditors for purposes of adjusting its debts. In the event the County were to become a debtor under the Bankruptcy Code, the County would be entitled to all of the protective provisions of the Bankruptcy Code as applicable in a Chapter 9 proceeding. Among the adverse effects of such a bankruptcy might be: (i) the application of the automatic stay provisions of the Bankruptcy Code, which, until relief is granted, would prevent collection of payments from the County or the commencement of any judicial or other action for the purpose of recovering or collecting a claim against the County or otherwise enforcing the Facilities Lease or the Ground Lease against the County and could prevent the Trustee from making payments from funds in its possession; (ii) the avoidance of preferential transfers occurring during the relevant period prior to the filing of a bankruptcy petition; (iii) the existence of unsecured or secured debt which may be given a priority of payment superior to that of Owners of Bonds; and (iv) the possibility of the adoption of a plan (a “Plan”) for the adjustment of the County’s debt without the consent of the Trustee or all of the Owners of Bonds, which Plan may restructure, delay, compromise or reduce the amount of any claim of the Owners if the Bankruptcy Court finds that the Plan is fair and equitable.

In addition, the County could either reject the Ground Lease or the Facilities Lease or assume the Ground Lease or the Facilities Lease despite any provision of the Ground Lease or the Facilities Lease that makes the bankruptcy or insolvency of the County an event of default thereunder. In the event the County rejects the Facilities Lease, the Trustee, on behalf of the Owners of the Bonds, would have a pre-petition unsecured claim

that may be substantially limited in amount and this claim could be treated in a manner under a Plan over the objections of the Trustee or Owners of the Bonds. Moreover, such rejection would terminate the Facilities Lease and the County's obligations to make payments thereunder. The County may also be permitted to assign the Facilities Lease (or the Ground Lease) to a third party, regardless of the terms of the transaction documents. In the event the County rejects the Ground Lease, the Trustee, on behalf of the Owners of the Bonds, would have a pre-petition unsecured claim and this claim could be treated in a manner under a Plan over the objections of the Trustee or Owners of the Bonds. Moreover, such rejection may terminate both the Ground Lease and the Facilities Lease and the obligations of the County to make payments thereunder, but the County as owner may still be able to use the Land and the Project that comprise the Premises. The County may be able, with the approval of the bankruptcy court but without the consent and over the objection of the Trustee and the Bondowners, and without complying with the terms of the transaction documents, to sell the Land and the Project. If the Land and the Project are sold, it is not clear whether or not the Ground Lease and the Facilities Lease would automatically terminate. If the Ground Lease or the Facilities Lease does terminate, the County would no longer be obligated to make any payments (including Base Rent) under the Facilities Lease, and the Issuer may no longer have any rights with respect to the Project or the Land. While the Bondowners may have claims against the County, such claims may be capped as described above and the County may not be required to pay any claim in full.

***Bankruptcy of the Issuer.*** If a party in interest (including the member) asserted that the assets and liabilities of the Issuer should be consolidated with those of its member, delays in payments on the Bonds could result. If the court ordered that the assets and liabilities of the Issuer be consolidated with those of its member, there could be delays or reductions in payments on, or other losses with respect to, the Bonds. The Issuer has taken steps to reduce the risk that in the event its member were to become the debtor in a bankruptcy case, a court would order that the assets and liabilities of the Issuer be substantively consolidated with those of its member. No assurance can be given that a court would not order the substantive consolidation of the assets and liabilities of the Issuer with those of its member. In addition, the Issuer will be both the lessor and the lessee of real property. Circumstances could arise that could result in a bankruptcy petition being filed by or against the Issuer itself. Should the Issuer become the subject of a bankruptcy, there could be adverse effects on the Bondowners. These adverse effects could include, but might not be limited to, one or more of the following.

First, the automatic stay provisions of the Bankruptcy Code could prevent (unless approval of the bankruptcy court was obtained) any action to collect any amount owing by the Issuer under the financing documents, or any action to enforce any obligation of the Issuer under the financing documents; in particular, the Trustee may be prevented from exercising any of the rights of the Issuer that have been assigned to the Trustee. These restrictions may also limit the ability of the Trustee to make payments to the Bondowners from funds in the Trustee's possession during the pendency of the bankruptcy proceedings. Unless the bankruptcy court grants relief from the automatic stay during the course of the bankruptcy case (upon motion made by a party in interest and after notice and a hearing), the automatic stay will remain in effect until the earliest of (a) the time the case is closed, (b) the time the case is dismissed, or (c) the time a discharge is granted or denied.

Second, with the authorization of the bankruptcy court, the Issuer might be able to reject one or more of the financing documents to the extent such documents constitute executory contracts or unexpired leases, or any other executory contract or unexpired lease to which the Issuer is a party. A rejection of an executory contract or unexpired lease by the Issuer would generally excuse the Issuer from any further performance (including payment obligations) under such agreement, but would give rise to an unsecured claim for damages arising from such rejection. If any of the financing documents that constitute executory contracts or unexpired leases were rejected, any rights of the Issuer under such agreement that have been assigned to the Trustee may be adversely affected. If the Issuer rejects the Ground Lease, the Facilities Lease may terminate. If the Facilities Lease terminates, the County would no longer be obligated to make any payments (including Base Rent) under the Facility Lease, but the County as owner may still be able to use the Premises and the Land. If the Issuer rejects the Facilities Lease, the County would have the option to either treat the Facilities Lease as terminated or to remain in possession of the Premises and the Land. If the County treats the Facilities Lease as terminated, then the County would no longer be obligated to make any payments under the Facilities Lease and the County as



tenant would likely be required to vacate the Project and the Land. The County as owner, however, may be able to continue to use the Premises and the Land. If the County as tenant remains in possession, it will be obligated to pay rent, but it may be able to reduce its rent payments by the amount of damages that it has suffered. Any pre-bankruptcy agreement by the County not to treat the Facilities Lease as terminated may or may not be enforceable. Under such circumstances, the Bondowners could be treated as general unsecured creditors of the Issuer and there could be delays or reductions in, or the elimination of, payments on the Bonds.

Third, payments previously made to the Bondowners during the 90 days immediately preceding the filing of a bankruptcy petition may be subject to avoidance as preferential transfers, in which event the Bondowners may be required to return such payments.

Fourth, the Issuer may be able to use any of its property that is subject to the lien of the Indenture or any of the other financing documents as long as the bankruptcy court determines that the rights of the Trustee and the Bondowners will be adequately protected. Additionally, the Issuer may under certain circumstances be able to sell its property that is subject to the lien of the Indenture or any of the other financing documents free and clear of such lien (with the lien attaching to the sale proceeds), so long as the legal requirements for a sale free and clear are determined by the bankruptcy court to be satisfied.

Fifth, the Issuer might be able, without the consent and over the objection of the Trustee and the Bondowners, to alter the priority, principal amount, interest rate, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants) and other terms or provisions of the financing documents pursuant to a confirmed plan of reorganization; such alterations could not be made, however, unless the bankruptcy court determines that they are fair and equitable and otherwise consistent with certain legal requirements established in the Bankruptcy Code. In addition, with the authorization of the bankruptcy court, the Issuer may assign its rights and obligations under any of the financing documents, or any other agreement to which the Issuer is a party, to another entity, despite any contractual prohibition to the contrary, subject to satisfaction of certain requirements established under the Bankruptcy Code.

Sixth, the Issuer may be able, with the approval of the bankruptcy court but without the consent and over the objection of the Trustee and the Bondowners, and without complying with the terms of the transaction documents, to sell or assign its leasehold estate in the Premises. If the leasehold estate in the Premises is sold or assigned, it is not clear whether or not the Facilities Lease would automatically terminate. If the Facilities Lease does terminate, the County would no longer be obligated to make any payments (including Base Rent) under the Facilities Lease, but the County as owner may still be able to use the Premises. Under such circumstances, the Bondowners could be treated as general unsecured creditors of the Issuer and there could be delays or reductions in, or the elimination of, payments on the Bonds.

Seventh, the assignment of the Facilities Lease assigns to the Trustee the Issuer's rights to receive payments from the County and the Issuer's rights to enforce the Facilities Lease against the County. If a bankruptcy court were to conclude that this assignment was for security purposes only, and was not an absolute assignment, then, unless the authorization of the bankruptcy court has been obtained, the Trustee may be prohibited from enforcing the Facilities Lease against the County and the Issuer may be able to require that the County make all payments under the Facilities Lease to the Issuer, rather than to the Trustee. [In addition, the holders of the Bonds could be treated as having made a loan to the Issuer, rather than the County.?)

The Issuer could threaten to take any of the actions described above as part of negotiations to alter its obligations under the Facilities Lease, the Ground Lease or the other transaction documents.

The occurrence of any of these, as well as the occurrence of other possible effects of a bankruptcy of the Issuer, could result in delays or reductions in payments to the Bondowners. In addition, a bankruptcy trustee or the borrower as a debtor in possession could take action which could adversely affect the exclusion of the interest on with respect to the Bonds from gross income for federal income tax purposes.

## **Limitations on Remedies; No Acceleration of Base Rent Upon an Event of Default**

If the County commits an Event of Default under the Facilities Lease and fails to cure such default within the time period provided therein, then the Issuer shall have the right to pursue any and all remedies available at law or in equity, including without limitation, the right to (a) terminate the Facilities Lease or (b) so long as the Issuer or its assignee does not terminate the County's right to possession, the Facilities Lease shall continue in effect and the Issuer or its assignee shall have the right to enforce all of its rights and remedies under the Facilities Lease, including the right to recover Base Rent payments as they become due hereunder pursuant to Section 1951.4 of the California Civil Code. **Notwithstanding the foregoing, in no event shall the Issuer have the right to accelerate any payments owing by the County under the Facilities Lease.**

In the event of default under the Indenture, the Trustee may exercise certain remedies under the Indenture and the Other Documents. In the event of a monetary default under the Indenture and foreclosure of the Deed of Trust, the Trustee has the right to enter and take possession of the Premises, and the Trustee may hold, operate, manage or relet the Premises and apply revenues therefrom toward payment of the Bonds.

There is no available remedy of acceleration of the total Rent due over the term of the Lease. The County will only be liable for the Rent on an annual basis and the Trustee would be required to seek a separate judgment each year for that year's Rent due. Any such suit for money damages could be subject to limitations on legal remedies against public agencies in California, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest.

Due to the specialized nature of the Premises, the Trustee may have limited ability to relet the Premises to provide a source of funds sufficient to pay the principal of and interest on the Bonds, so as to preserve the tax-exempt nature of the interest on the Bonds. Given the governmental function of the Premises, it is not certain whether a court would permit the exercise of the remedies of repossession and reletting with respect to the Premises. Any current exemption from City zoning requirements would no longer apply if the Premises is no longer leased by the County. It is impossible to estimate the cost, feasibility or time required to comply with any existing zoning requirements at the time of reletting. In addition, there can be no assurance that the Trustee will be able to realize from the re-leasing of the Premises an amount sufficient to pay principal of and interest on the Bonds.

The rights and remedies contained in the Indenture and the Facilities Lease may be limited by and are subject to provisions of the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting the enforcement of creditor's rights generally, now or hereafter in effect, equity principles which may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose and the limitations on remedies against counties in the State.

## **Hazardous Substances**

The existence or discovery of hazardous materials may limit the beneficial use of the Premises. In general, the owners and lessees of the Premises may be required by law to remedy conditions of such parcel relating to release or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as "CERCLA" or the "Superfund Act," is the most well known and widely applicable of these laws, but California laws with regard to hazardous substances are also similarly stringent. Under many of these laws, the owner or lessee is obligated to remedy a hazardous substance condition of the Premises whether or not the owner or lessee had anything to do with creating or handling the hazardous substance.

Further it is possible that the beneficial use of the Premises may be limited in the future resulting from the current existence on the Premises of a substance currently classified as hazardous but which has not been released or the release of which is not presently threatened, or may arise in the future resulting from the current existence on the Premises of a substance not presently classified as hazardous but which may in the future be so classified. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method in which it is handled. All of these possibilities could significantly limit the beneficial use of the Premises.

Among other things, an Environmental Phase II Subsurface Investigation Report dated August 8, 2022 (the "Phase II Report") and subsequent additional reports, were prepared by Tetra Tech, Inc. ("Tetra Tech") for the Issuer. The Phase II Report summarizes environmental soil, soil gas, and groundwater conditions encountered at the Premises. Based on the information obtained during its investigation and Tetra Tech's understanding of current regulatory guidelines and judgment, the Phase II Report stated that while the site contains three oil wells, the testing found that no evidence of soil impacted with TPH, VOCs, SVOCs, PCBs, or CCR metals above the SLs was encountered in the analyzed soil samples; No TPH, VOCs, SVOCs, PCBs, or CCR metals above the MCLs was encountered in the analyzed groundwater sample; No methane concentrations were encountered and there was no measurable gas pressures was detected in the methane test areas/borings. The VOCs concentrations detected in the soil gas samples were below the SLs. None of the detected compounds concentrations exceeded the soil gas screening levels calculated using an attenuation factor of 0.03. Therefore, a vapor encroachment condition indicative of vapor intrusion is not present at the Site. An environmental allowance, contemplating reasonable and known remediation based on the Phase II findings, has been included as part of the Project Budget.

Pursuant to the Ground Lease, the Issuer shall cause any environmental remediation contemplated in the approved Project Budget to be completed at the Land (the "Environmental Work"). Other than the completion of the Environmental Work, the County shall be solely responsible for all claims, judgments, damages, penalties, fines, expenses, liabilities or losses relating to the presence, release or disposal of Hazardous Substances that (i) were present in the soil, groundwater, soil vapor, or anywhere on, in, or under the Land as of the effective date thereof; (ii) are at any time present on any adjacent property owned or controlled by the County and which result in contamination of the Land; or (iii) contaminate the Land as a result of the act or omission of County or the act or omission of any party for which County is liable. The County has set aside funds to pay for Environmental Work for which it is responsible and environmental clean-up costs exceeding the line item allowance amount for environmental clean-up set forth in the Project Budget.

### **Seismic Events**

The Premises is located within a seismically active area, and damage to the Premises from an earthquake could be substantial. Under the Development Agreement, the Developer is required to maintain certain insurance coverage during the construction phase of the Project, including builder's risk course of construction insurance, which is to include an endorsement for earthquakes. Under the Facilities Lease, the Issuer shall cause the Premises to be insured against the perils of earth movement, and flood, either as part of its commercial property policy, or under a separate policy or policies. Such earth movement and flood insurance shall include twenty-four (24) months of rental interruption coverage and shall name Trustee as loss payee as its interests may appear. Pursuant to the Facilities Lease, the Issuer shall cause coverage to be maintained against loss arising from earth movement 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 the Facilities Lease if coverage is no longer written, is unavailable for properties comparable to the Premises or is not available at commercially reasonable premium amounts. The County presently maintains earthquake insurance on certain of its properties, including the Land and the improvements currently thereon. However, the County is not obligated to continue such insurance and, in any event, proceeds of such insurance are not required to be used, if obtained, to replace or repair the Premises or to redeem the Bonds. If the proceeds of any earthquake insurance were not used or were insufficient to replace or repair the damage caused to the Premises, the County would be limited to its general fund, reserves and emergency grants, if any, in seeking to make appropriate repairs, and is under no

obligation to do so. Pending such repairs, the County's obligation to pay Base Rent under the Facilities Lease would be subject to abatement. See "CERTAIN RISK FACTORS – Abatement."

### **Economic Conditions in the State of California**

State income tax and other receipts can fluctuate significantly from year to year, depending on economic conditions in the State and the nation. Decreases in the State's General Fund revenues may significantly affect appropriations made by the State to public agencies, including the County. See APPENDIX A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT."

### **Public Health Emergencies**

There can be no assurance that the spread of an epidemic or a pandemic, including a surge in COVID-19 cases, will not materially impact both local and national economies and, accordingly, have a materially adverse impact on the source of repayment for Base Rent under the Facilities Lease. No assurance can be given that the County would receive federal aid akin to the aid it received in 2020 and 2021 if another pandemic or similar public health emergency were to occur.

### **Loss of Tax Exemption**

As discussed under the caption "TAX MATTERS," in order to maintain the exclusion from gross income for federal income tax purposes of the interest on the Bonds, the Issuer and the County have covenanted in the Indenture and Facilities Lease not to take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of interest on the Bonds under Section 103 of the Internal Revenue Code of 1986, as amended. Interest on the Bonds could become includable in gross income for purposes of Federal income taxation retroactive to the date the Bonds were issued, as a result of acts or omissions of the Issuer or the County in violation of the Code. Should such an event of taxability occur, the Bonds are not subject to early redemption and will remain outstanding to maturity or until prepaid under the optional redemption provisions of the Indenture.

## **TAX MATTERS**

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Issuer ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from State of California personal income taxes. Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that interest on the Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix D hereto.

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Bonds which is excluded from gross income for federal income tax purposes and exempt from State of California personal income taxes. For this purpose, the issue price of a particular maturity of the Bonds is the first price at which a substantial amount of such maturity of the Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon trade

or business disposition (including sale, redemption, or payment on maturity) of such Bonds. Beneficial Owners of the Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“Premium Bonds”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner’s basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The Issuer has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel’s attention after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Bonds may otherwise affect a Beneficial Owner’s federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner’s other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel’s judgment as to the proper treatment of the Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service (“IRS”) or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Issuer or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Issuer has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Issuer or the Beneficial Owners regarding the tax-exempt status of the Bonds in the event of an audit examination by the IRS. Under current procedures, Beneficial Owners would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Issuer legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Bonds, and may cause the Issuer or the Beneficial Owners to incur significant expense.

Payments on the Bonds generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate Beneficial Owner of Bonds may be subject to backup withholding with respect to "reportable payments," which include interest paid on the Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against a Beneficial Owner's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain Beneficial Owners (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. The failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

## **CONTINUING DISCLOSURE**

***Continuing Disclosure Undertaking of the Issuer.*** Pursuant to the Indenture, the Issuer has covenanted to provide, or cause to be provided, by not later than April 1 following each fiscal year of the Issuer (currently June 30), commencing on April 1, 2025, to the MSRB through its EMMA system certain annual financial information and operating data and, not later than ten Business Days after their occurrence, notice of certain enumerated events. These covenants have been made in order to assist the Underwriters of the Bonds in complying with the Rule. See APPENDIX E – "CONTINUING DISCLOSURE UNDERTAKINGS OF THE ISSUER AND THE COUNTY – CONTINUING DISCLOSURE UNDERTAKING OF THE ISSUER."

***Continuing Disclosure Undertaking of the County.*** Pursuant to the Continuing Disclosure Certificate to be executed in connection with the issuance of the Bonds, the County has covenanted to provide, or cause to be provided, by not later than April 1 of each fiscal year, commencing on April 1, 2025, to the MSRB through its EMMA system certain annual financial information and operating data and, in a timely manner, notice of certain enumerated events. These covenants have been made in order to assist the Underwriters of the Bonds in complying with the Rule. See APPENDIX E – "CONTINUING DISCLOSURE UNDERTAKINGS OF THE ISSUER AND THE COUNTY – FORM OF CONTINUING DISCLOSURE CERTIFICATE OF THE COUNTY."

The County did not timely file a notice of a rating upgrade with respect to the Community Facilities District No. 3 (Valencia/Newhall Area) of the County of Los Angeles, Improvement Area B Special Tax Refunding Bonds, Series 2011A. In addition, the notice of a rating upgrade with respect to the Los Angeles County Public Works Financing Authority, Lease Revenue Bonds, 2016 Series D (the "2016D Bonds") did not identify all of the applicable CUSIPs of this issue. The County filed a notice of the rating change with the applicable CUSIPs for the 2016D Bonds. The annual report for Fiscal Year ending 2019 for the County's Community Facilities District No. 3, Area C Special Tax 2012A Bonds and the annual report for the Fiscal Year ending 2021 for the County of Los Angeles 2012 Refunding Certificates of Participation (Disney Concert Hall Parking Garage) and the Los Angeles County Facilities 2 Inc. Lease Revenue Bonds, Series 2018A and 2018B

(Vermont Corridor County Administration Building) did not identify all applicable CUSIPs of this issue. The County filed notices of failure to file the annual reports and the respective annual reports with all applicable CUSIPs. [To be reviewed/updated.]

### **CERTAIN LEGAL MATTERS**

The validity of the Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Issuer. Bond Counsel has not undertaken any responsibility for the accuracy, completeness or fairness of this Official Statement. A complete copy of the proposed form of opinion of Bond Counsel is contained in APPENDIX D – “PROPOSED FORM OF BOND COUNSEL OPINION.” Certain legal matters will be passed upon for the Issuer by Hillis Clark Martin & Peterson P.S., Seattle, Washington, and Glaser Weil Fink Howard Avchen & Shapiro LLP, Los Angeles, California, for the County by the County Counsel’s Office, Loeb and Loeb, LLP, and Hawkins Delafield & Wood LLP, Disclosure Counsel, and for the Underwriters by their counsel, Katten Muchin Rosenman LLP, New York, New York.

### **FINANCIAL STATEMENTS**

The financial statements of the County for the Fiscal Year ended June 30, 2023, pertinent sections of which are included in Appendix B to this Official Statement, have been audited by Macias Gini & O’Connell LLP (the “Independent Auditor”), certified public accountants, as stated in their report appearing in Appendix B. The Independent Auditor has not consented to the inclusion of its report as Appendix B and has not undertaken to update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made herein, and no opinion is expressed by Independent Auditor with respect to any event subsequent to its report dated December 8, 2023.

### **MUNICIPAL ADVISOR**

Montague DeRose and Associates, LLC has served as Municipal Advisor to the County in connection with the issuance of the Bonds. The Municipal Advisor has not been engaged, nor has it undertaken, to make an independent verification or assume responsibility for the accuracy, completeness, or fairness of the information contained herein.

### **LITIGATION**

***Litigation relating to the Issuer.*** To the best knowledge of the Issuer, there is no litigation pending or threatened against the Issuer concerning the validity of the Bonds or challenging any action taken by the Issuer in connection with the authorization of the Indenture, the Ground Lease, the Facilities Lease or any other document relating to the Bonds to which the Issuer is or is to become a party or the performance by the Issuer of any of its obligations under any of the foregoing.

***Litigation relating to the County.*** To the best knowledge of the County, there is no litigation pending or threatened against the County concerning the validity of the Bonds or challenging any action taken by the County in connection with the authorization of the Ground Lease, the Facilities Lease or any other document relating to the Bonds to which the County is or is to become a party or the performance by the County of any of its obligations under any of the foregoing.

There are a number of lawsuits and claims pending against the County. Included in these are a number of property damage, personal injury and wrongful death actions seeking damages in excess of the County’s insurance limits. In the opinion of the County Counsel, such suits and claims as are presently pending will not materially impair the ability of the County to make the Rent payments when due. See APPENDIX A – “COUNTY OF LOS ANGELES INFORMATION STATEMENT – General Litigation.”

## **RATINGS**

S&P Global Ratings, a division of The McGraw-Hill Companies, Inc. (“S&P”), and Fitch Ratings, Inc. (“Fitch”) have assigned the Bonds ratings of “\_\_” and “\_\_,” respectively. Such ratings reflect only the views of Fitch and S&P, and do not constitute a recommendation to buy, sell or hold the Bonds. Explanation of the significance of such ratings may be obtained only from the respective organizations at: S&P Global Ratings, 55 Water Street, New York, New York 10041; and Fitch Ratings, Inc., 33 Whitehall Street, New York, New York 10004. There is no assurance that any such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by the respective rating agencies, if in the judgment of any such rating agency circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

## **UNDERWRITING**

The Bonds are being purchased by Barclays Capital Inc., as representative of itself and [Underwriters to come] (collectively, the “Underwriters”). The Underwriters have agreed to purchase the Bonds from the Issuer at an aggregate purchase price of \$\_\_\_\_\_ (consisting of the aggregate principal amount of the Bonds of \$\_\_\_\_\_, plus an original issue premium of \$\_\_\_\_\_ and less an underwriters’ discount of \$\_\_\_\_\_), pursuant to the terms of the Bond Purchase Agreement. The Bond Purchase Agreement provides that the obligations of the Underwriters are subject to certain conditions precedent and that the Underwriters will be obligated to purchase all of the Bonds offered under the Bond Purchase Agreement if any of the Bonds offered thereunder are purchased.

## **ADDITIONAL INFORMATION**

Included herein are brief summaries of certain documents and reports, which summaries do not purport to be complete or definitive, and reference is made to such documents and reports for full and complete statements of the contents thereof.

The Issuer has approved and authorized the preparation, execution and distribution of this Official Statement. Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such, and are not representations of fact. This Official Statement is not to be construed as an agreement or contract between the Issuer and the purchasers or holders of any Bonds.

LOS ANGELES COUNTY FACILITIES 2 INC.

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



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**APPENDIX A**

**THE COUNTY OF LOS ANGELES INFORMATION STATEMENT**

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**APPENDIX B**

**THE COUNTY OF LOS ANGELES AUDITED FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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**APPENDIX C**  
**FORMS OF PRINCIPAL LEGAL DOCUMENTS**

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**APPENDIX C-1**

**FORM OF INDENTURE**

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**APPENDIX C-2**  
**FORM OF GROUND LEASE**

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**APPENDIX C-3**

**FORM OF FACILITIES LEASE**

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**APPENDIX C-4**

**FORM OF DEVELOPMENT AGREEMENT**

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**APPENDIX D**

**PROPOSED FORM OF BOND COUNSEL OPINION**

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## FORM OF OPINION OF BOND COUNSEL

*Upon delivery of the Bonds, Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Issuer, proposes to render its final opinion in substantially the following form:*

[To be updated]

[Delivery Date]

Los Angeles County Facilities 2 Inc.  
Seattle, Washington

Los Angeles County Facilities 2 Inc.  
Lease Revenue Bonds, Series 2024  
(Vermont Corridor Site 2)  
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the Los Angeles County Facilities 2 Inc. (the “Issuer”) in connection with the issuance of \$[Par] aggregate principal amount of Los Angeles County Facilities 2 Inc. Lease Revenue Bonds, Series 2024 (Vermont Corridor Site 2) (the “Bonds”), issued pursuant to the Indenture, dated as of [As of Date] (the “Indenture”), by and between the Issuer and U.S. Bank Trust Company National Association, as trustee (the “Trustee”). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

In such connection, we have reviewed the Indenture, the Tax Certificate of the Issuer, dated the date hereof (the “Tax Certificate”), relating to the Bonds, opinions of counsel to the Issuer, the County, the Trustee and others, certificates of the Issuer, the County, the Trustee and others and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Issuer. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Indenture and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes.

We call attention to the fact that the rights and obligations under the Bonds, the Indenture and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors’ rights, to the

application of equitable principles, to the exercise of judicial discretion in appropriate cases, and to the limitations on legal remedies against non-profit public benefit corporations in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents nor do we express any opinion with respect to the state or quality of title to or interest in any of the real or personal property described in or as subject to the lien of the Indenture or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such property. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute the valid and binding special, limited obligations of the Issuer, payable solely from the Trust Estate, subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture.

2. The Indenture has been duly executed and delivered by, and constitutes the valid and binding obligation of, the Issuer.

3. Interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. Interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Interest on the Bonds is exempt from State of California personal income taxes. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

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**APPENDIX E**

**CONTINUING DISCLOSURE UNDERTAKINGS  
OF THE ISSUER AND THE COUNTY**

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## CONTINUING DISCLOSURE UNDERTAKING OF THE ISSUER

Los Angeles County Facilities 2 Inc. (the “Issuer”) has agreed, pursuant to the Indenture of Trust dated as of [As of Date] (the “Indenture”) by and between the Issuer and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”), to provide certain continuing disclosure in connection with the issuance of the Lease Revenue Bonds, Series 2024 (Vermont Corridor Site 2) (the “Bonds”) in accordance with Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time. Capitalized terms used in this Appendix E without definition shall have the meanings ascribed thereto in the Indenture.

The Issuer agrees as follows:

(a) Financial Statements/Operating Data. The Issuer agrees to provide or cause to be provided to the Municipal Securities Rulemaking Board (“MSRB”), the following annual financial information and operating data for the prior fiscal year:

- (1) Annual financial statements showing ending fund balances for the Issuer prepared in accordance with generally accepted accounting principles; and
- (2) Information regarding material changes to the Facilities Lease, material Rent delinquencies, changes in tenancy of the Premises (but excluding subtenancies of specific County agencies or departments) and any change in Trustee, presented in substantially the form set forth on Exhibit D of the Indenture.

Such information and data described above shall be provided on or before April 1 following the end of the Issuer’s fiscal year, commencing with the report for the Issuer’s June 30, 2024 fiscal year (which is due no later than April 1, 2025). The Issuer’s current fiscal year ends June 30. The Issuer shall provide notice of any change such fiscal year by providing written notice of the change of fiscal year to the MSRB. In lieu of providing such annual financial information and operating data, the Issuer may cross-reference to other documents available to the public on the MSRB’s internet website or filed with the SEC.

If not provided as part of the annual financial information discussed above, the Issuer shall provide the Issuer’s audited annual financial statement prepared in accordance with generally accepted accounting principles, when and if available, to the MSRB.

(b) Enumerated Events. The Issuer agrees to provide or cause to be provided to the MSRB, in a timely manner not in excess of ten Business Days after the occurrence of the event, notice of the occurrence of any of the following events with respect to the Bonds:

1. Principal and interest payment delinquencies;
2. Nonpayment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices

or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

7. Modifications to the rights of Bond Owners, if material;
8. Bond calls, if material, and tender offers for the Bonds;
9. Defeasances;
10. Release, substitution or sale of property securing repayment of the Bonds, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Issuer;
13. The consummation of a merger, consolidation, or acquisition of the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement to undertake such an actions, other than pursuant to its terms, if material;
14. Appointment of a successor or additional Trustee or the change of name of the Trustee, if material;
15. Incurrence of a Financial Obligation<sup>1</sup> of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

(c) Notification Upon Failure to Provide Financial Data. The Issuer agrees to provide or cause to be provided, in a timely manner, to the MSRB, notice of its failure to provide the annual financial information and operating data described in subsection (a) above on or prior to the date set forth in subsection (a) above.

(d) Additional Information. In addition to the information required to be provided under the Rule, the Issuer agrees to provide in a timely manner to the MSRB, notice (i) if the County ceases to be the lessee of the Premises, and (ii) if the Facilities Lease expires or terminates.

(e) EMMA; Format for Filings With the MSRB. Until otherwise designated by the MSRB or the SEC, any information or notices submitted to the MSRB in compliance with the Rule are to be submitted through the MSRB's Electronic Municipal Market Access system ("EMMA"), currently located at [www.emma.msrb.org](http://www.emma.msrb.org). All notices, financial information and operating data required by this undertaking to be provided to the MSRB must be in an electronic format as prescribed by the MSRB. All documents provided to the MSRB pursuant to this undertaking must be accompanied by identifying information as prescribed by the MSRB.

(f) Termination/Modification. The Issuer's obligations to provide annual financial information and notices of material events shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. This section, or any provision hereof, shall be null and void if the Issuer (1) obtains an Opinion of Bond Counsel to the effect that those portions of the Rule that require this section, or any such provision, are

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<sup>1</sup> "Financial Obligation" means "financial obligation" as such term is defined in Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

invalid, have been repealed retroactively or otherwise do not apply to the Bonds; and (2) notifies the MSRB of such opinion and the cancellation of this section.

Notwithstanding any other provision of the Indenture including without limitation the provisions of Article IX, the Issuer may amend Section 11.12 (The Issuer's Compliance With Continuing Disclosure Requirements of the SEC) of the Indenture, and any provision of such Section may be waived, with an Opinion of Bond Counsel to the effect that such amendment or waiver is consistent with and does not violate the Rule.

In the event of any amendment or waiver of a provision of Section 11.12 (The Issuer's Compliance With Continuing Disclosure Requirements of the SEC) of the Indenture, the Issuer shall describe such amendment or waiver in the next annual report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a material event under subsection (b) of Section 11.12 (The Issuer's Compliance With Continuing Disclosure Requirements of the SEC) of the Indenture, and (ii) the annual report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

## **FORM OF CONTINUING DISCLOSURE CERTIFICATE OF THE COUNTY**

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the County of Los Angeles (the “County”) in connection with the issuance of the Lease Revenue Bonds, Series 2024 (Vermont Corridor Site 2) (the “Bonds”) by the Los Angeles County Facilities 2 Inc. (the “Issuer”). The Bonds are being issued pursuant to the terms of an Indenture of Trust dated as of [As of Date] (the “Indenture”) by and between the Issuer and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”). The County covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the County for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with Securities and Exchange Commission (“S.E.C.”) Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the County pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Beneficial Owner” shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

“Dissemination Agent” shall mean the County, or any successor Dissemination Agent designated in writing by the County and which has filed with the County a written acceptance of such designation.

“Financial Obligation” means “financial obligation” as such term is defined in the Rule.

“Holder” shall mean the person in whose name any Bond shall be registered.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The County shall, or shall cause the Dissemination Agent to, not later than April 1 after the end of the County’s fiscal year, commencing with the report for the County’s June 30, 2024 fiscal year, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided, that the audited financial statements of the County may be submitted separately from the

balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the County's fiscal year changes, it shall give notice of such change in a filing with the MSRB. The Annual Report shall be submitted on a standard form in use by industry participants or other appropriate form and shall identify the Bonds by name and CUSIP number.

(b) Not later than 15 business days prior to said date, the County shall provide the Annual Report to the Dissemination Agent (if other than the County). If the County is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the County shall, in a timely manner, send or cause to be sent to the MSRB a notice in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall (if the Dissemination Agent is other than the County) file a report with the County certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided to the MSRB.

SECTION 4. Content of Annual Reports. The County's Annual Report shall contain or include by reference the following:

(a) Audited financial statements of the County for the preceding fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board and reporting standards as set forth by the State Controller in "State of California Accounting Standards and Procedures for Counties." If the County's audited financial statements are not available by the time the Annual Report is required to be provided to the MSRB pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be provided to the MSRB in the same manner as the Annual Report when they become available.

(b) To the extent not included in the audited financial statement of the County, the Annual Report shall also include the following:

- (1) Assessed valuations, tax levies and delinquencies for real property located in the County for the fiscal year of the County most recently ended;
- (2) Summary financial information on revenues, expenditures and fund balances for the fiscal year of the County most recently ended;
- (3) Summary financial information on the proposed and adopted budgets of the County for the current fiscal year and any changes in the adopted budget;
- (4) Summary of aggregate annual debt obligations of the County as of the beginning of the current fiscal year;
- (5) Summary of annual outstanding principal obligations of the County as of the beginning of the current fiscal year; and
- (6) The ratio of the County's outstanding debt to total assessed valuations as of the most recently ended fiscal year of the County.

Any or all of the items listed above may be set forth in one or a set of documents or may be included by specific reference to other documents, including official statements of debt issues of the County or related public entities, which have been made available to the public on the MSRB's website. The County shall clearly identify each such other document so included by reference.



SECTION 5. Reporting of Significant Events.

(a) The County shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not later than ten business days after the occurrence of the event:

- (1) Principal and interest payment delinquencies;
- (2) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (3) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (4) Substitution of credit or liquidity providers, or their failure to perform;
- (5) Adverse tax opinions or issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);
- (6) Tender offers;
- (7) Defeasances;
- (8) Rating changes; or
- (9) Bankruptcy, insolvency, receivership or similar event of the obligated person.  
Note: for the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.
- (10) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the County, any of which reflect financial difficulties

(b) The County shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material, in a timely manner not later than ten business days after the occurrence of the event:

- (1) Unless described in paragraph 5(a)(5), other notices or determinations by the Internal Revenue Service with respect to the tax status of the Tax-Exempt Bonds or other events affecting the tax status of the Tax-Exempt Bonds;
- (2) Modifications to rights of Bond holders;
- (3) Optional, unscheduled or contingent Bond calls;
- (4) Release, substitution, or sale of property securing repayment of the Bonds;
- (5) Non-payment related defaults;

- (6) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;
- (7) Appointment of a successor or additional trustee or the change of name of a trustee; or
- (8) Incurrence of a Financial Obligation of the County or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the County, any of which affect security holders; and

(c) Upon the occurrence of a Listed Event described in Section 5(a), or upon the occurrence of a Listed Event described in Section 5(b) which the County determines would be material under applicable federal securities laws, the County shall within ten business days of occurrence file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in subsection (a)(8) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Indenture.

SECTION 6. Format for Filings with MSRB. Any report or filing with the MSRB pursuant to this Disclosure Certificate must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB.

SECTION 7. Termination of Reporting Obligation. The County's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the County shall give notice of such termination in a filing with the MSRB.

SECTION 8. Dissemination Agent. The County may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the County pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the County.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the County may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

- (a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a) or (b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;
- (b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
- (c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the County shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on

the presentation) of financial information or operating data being presented by the County. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in a filing with the MSRB, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the County from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice required to be filed pursuant to this Disclosure Certificate, in addition to that which is required by this Disclosure Certificate. If the County chooses to include any information in any Annual Report or notice in addition to that which is specifically required by this Disclosure Certificate, the County shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event or any other event required to be reported.

SECTION 11. Default. In the event of a failure of the County to comply with any provision of this Disclosure Certificate, any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the County to comply with its obligations under this Disclosure Certificate; provided, that any such action may be instituted only in Superior Court of the State of California in and for the County of Los Angeles or in U.S. District Court in or nearest to the County of Los Angeles. The sole remedy under this Disclosure Certificate in the event of any failure of the County to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the County, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: \_\_\_\_\_, 2024.

COUNTY OF LOS ANGELES, a political  
subdivision of the State of California

By: \_\_\_\_\_  
Name: FESIA A. DAVENPORT  
Its: Chief Executive Officer

**CONTINUING DISCLOSURE EXHIBIT A**

**FORM OF NOTICE TO THE MUNICIPAL SECURITIES RULEMAKING BOARD  
OF FAILURE TO FILE ANNUAL REPORT**

Name of Obligor: County of Los Angeles

Name of Bond Issue: Los Angeles County Facilities 2 Inc.  
Lease Revenue Bonds, Series 2024  
(Vermont Corridor Site 2)

Date of Issuance: \_\_\_\_\_, 2024

NOTICE IS HEREBY GIVEN that the County has not provided an Annual Report with respect to the above-named Bonds as required by Section 4 of the Continuing Disclosure Certificate of the County, dated the Date of Issuance. [The County anticipates that the Annual Report will be filed by \_\_\_\_\_.]

Dated: \_\_\_\_\_

COUNTY OF LOS ANGELES

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

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**APPENDIX F**  
**BOOK-ENTRY ONLY SYSTEM**

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## BOOK-ENTRY ONLY SYSTEM

*The information in this Appendix F concerning The Depository Trust Company (“DTC”), New York, New York, and DTC’s book entry system has been obtained from DTC, and the Issuer, the County and the Underwriters take no responsibility for the completeness or accuracy thereof. The Authority, the County and the Underwriters cannot and do not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will do so on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix D. The current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and the current “Procedures” of DTC to be followed in dealing with DTC Participants are on file with DTC.*

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an Authorized Officer of DTC. One fully registered security certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at its website.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an Authorized Officer of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede &

Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an Authorized Officer of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an Authorized Officer of DTC) is the responsibility of the Issuer or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Issuer or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy thereof.

**NONE OF THE AUTHORITY, THE COUNTY, THE UNDERWRITERS OR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS WITH RESPECT TO THE PAYMENTS OR THE PROVIDING OF NOTICE TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS OR THE SELECTION OF BONDS FOR PREPAYMENT.**

None of the Issuer, the County or the Trustee can give any assurances that DTC, DTC Participants, Indirect Participants or others will distribute payments of principal of, premium, if any, and interest on the Bonds paid to DTC or its nominee, as the registered Owner, or any redemption or other notice, to the Beneficial Owners or that they will do so on a timely basis or that DTC will serve and act in a manner described in this Official Statement.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Issuer or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered. The Authority may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered. In the event that the book-entry system is discontinued as described above, the requirements of the Indenture will apply.



# **ENCLOSURE L**

June 24, 2024

COUNTY OF LOS ANGELES

### REQUEST FOR APPROPRIATION ADJUSTMENT

DEPARTMENT OF CHIEF EXECUTIVE OFFICER

**AUDITOR-CONTROLLER:**

THE FOLLOWING APPROPRIATION ADJUSTMENT IS DEEMED NECESSARY BY THIS DEPARTMENT. PLEASE CONFIRM THE ACCOUNTING ENTRIES AND AVAILABLE BALANCES AND FORWARD TO THE CHIEF EXECUTIVE OFFICER FOR HER RECOMMENDATION OR ACTION.

**ADJUSTMENT REQUESTED AND REASONS THEREFORE  
FY 2023-24  
3 - VOTES**

**SOURCES**

**USES**

VARIOUS CAPITAL PROJECTS  
**VERMONT CORRIDOR COUNTY ADMINISTRATION BUILDING**  
A01-CP-6014-65099-69950  
CAPITAL ASSETS - B & I  
**DECREASE APPROPRIATION 500,000**

VARIOUS CAPITAL PROJECTS  
**VERMONT CORRIDOR SITE 2 RENOVATION**  
A01-CP-6014-65099-87802  
CAPITAL ASSETS - B & I  
**INCREASE APPROPRIATION 3,000,000**

VARIOUS CAPITAL PROJECTS  
**VARIOUS-RFURB-MITIGATION/REMEDICATION**  
A01-CP-6014-65099-86612  
CAPITAL ASSETS - B & I  
**DECREASE APPROPRIATION 2,500,000**

**SOURCES TOTAL \$ 3,000,000**

**USES TOTAL \$ 3,000,000**

**JUSTIFICATION**

Reflects the transfer of funds from Various-Rfurb-Mitigation/Remediation, Capital Project (CP) No. 86612, and Vermont Corridor County Administration Building, CP No. 69950, to Vermont Corridor Site 2 Renovation, CP No. 87802, to fund owner's representative/project management services, legal services, and potential soil remediation activities for the County's Vermont Corridor Site 2 project.

# ADOPTED

BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

90 June 4, 2024

Matthew J.  
Diaz

Digitally signed by Matthew J. Diaz  
Date: 2024.05.06 16:41:26 -07'00'

**AUTHORIZED SIGNATURE**

Matthew Diaz, Manager, CEO

BOARD OF SUPERVISOR'S APPROVAL (AS REQUESTED/REVISED)



EDWARD YEN  
EXECUTIVE OFFICER

REFERRED TO THE CHIEF EXECUTIVE OFFICER FOR---

ACTION

RECOMMENDATION

AUDITOR-CONTROLLER

BY

Lan Sam  
Digitally signed by Lan Sam  
Date: 2024.05.06 17:29:34 -07'00'

B.A. NO. 231

DATE 5/6/24

APPROVED AS REQUESTED

APPROVED AS REVISED

CHIEF EXECUTIVE OFFICER

BY

James Yun  
Digitally signed by James Yun  
Date: 2024.05.06 17:49:29 -07'00'

DATE 5/6/24

# **ATTACHMENTS**