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COUNTY OF LOS ANGELES

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"To Enrich Lives Through Effective and Caring Service"

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

39 August 6, 2024

Edward Yen
EDWARD YEN
EXECUTIVE OFFICER

August 06, 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:

**HARBOR-UCLA MEDICAL CENTER CAMPUS
SECOND AMENDMENT TO THE OPTION TO LEASE AGREEMENT
WITH THE LUNDQUIST INSTITUTE FOR BIOMEDICAL INNOVATION
AT THE HARBOR-UCLA MEDICAL CENTER CAMPUS
FOR A BIOSCIENCE TECHNOLOGY PARK
(SECOND DISTRICT) (3 VOTES)**

SUBJECT

Request for approval of, and delegation of authority to execute, a Second Amendment to the Option to Lease Agreement (Option Agreement) with the Lundquist Institute for Biomedical Innovation (TLI) at the Harbor-UCLA Medical Center Campus for a Bioscience Technology Park (Biotech Park).

IT IS RECOMMENDED THAT THE BOARD:

1. Find that the recommended actions are within the scope of the Harbor-UCLA Medical Center Campus Master Plan (Master Plan) project impacts analyzed in the Environmental Impact Report (EIR) previously certified by the Board.
2. Approve and authorize the Chief Executive Officer, or her designee, to execute the Second Amendment to the Option Agreement with TLI to extend the deadlines, modify the location of the Phase 1 and Future Development sites, and change the boundaries of the Future Development so the final sites are as set forth in Enclosure A, all as set forth in the Option Agreement.

3. Approve and authorize the Chief Executive Officer, or her designee, to execute any ancillary documentation, approved as to form by County Counsel, that is necessary to effectuate the Second Amendment to the Option Agreement, and to implement and effectuate the terms of the Second Amendment to the Option Agreement and the development of the Biotech Park, as set forth herein.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of the recommended actions is to approve and authorize the Chief Executive Officer, or her designee, to execute the Second Amendment to the Option Agreement to extend the Option Agreement deadlines for another two years, modify the location of Phase 1 and Future Development site areas on the Harbor-UCLA Medical Center Campus, and change the boundaries of the Future Development so the final sites are as set forth in Enclosure A.

The County and TLI entered into an Option Agreement on December 30, 2020, for a proposed biotechnology park contemplated to be developed in two phases. Phase 1 and the Future Development site areas were identified in the Option Agreement. The Option Agreement grants TLI the exclusive option to ground lease land within the Phase 1 and Future Development site areas subject to meeting certain conditions referred to as the Tier 1 and Tier 2 conditions. When TLI is ready to develop Phase 1 of the project, TLI will submit a site plan identifying the desired location and meet all Tier 1 and Tier 2 conditions, before the parties enter into a ground lease for the specific site for each specific building. Tier 1 conditions are baseline conditions that must be met to develop all the buildings contemplated in Phase 1, including a phasing plan, parking plan, and relocation plans. Tier 2 conditions are site specific conditions that must be met to build a specific building in Phase 1, including evidence of funding, and a leasing and operation plan. Any development in the Future Development Phase will also be subject to meeting all Tier 1 and Tier 2 conditions.

The Option Agreement has a total term of 25 years, with a maximum of 15 years to develop Phase 1 and a maximum of ten years thereafter to develop any Future Development. TLI was initially required to satisfy the Tier 1 conditions for Phase 1 by December 30, 2022, and satisfy the Tier 2 conditions for the first building, exercise the option, and enter into the first ground lease by December 30, 2024. The Option Agreement was subsequently amended on December 9, 2022, to extend the dates of the Option Agreement deadlines by two years, which included extending the Tier 1 condition deadline to December 30, 2024, and the date by which the Tier 2 conditions for the first building are satisfied, the option exercised, and the first ground lease is entered into, to December 30, 2026.

The parties agree that it would be in their best interests to further extend the dates of implementation of the Option Agreement again and to modify the location of the Phase 1 and Future Development site areas, and change the boundaries of the Future Development so the final sites are as set forth in Enclosure A. The parties propose that the Option Agreement deadlines would be extended by an additional two years, which moves the Tier 1 condition deadline to December 30, 2026, and extends the date by which the Tier 2 conditions for the first building are satisfied, the option exercised, and the first ground lease is entered into, to December 30, 2028, swapping the locations of Phase 1 and the Future Development area, and modifying the Eastern most boundary of the Future Development area so the final sites are as set forth in Enclosure A. Further, TLI also agrees to reimburse the County for actual costs incurred by the County in connection with the Second Amendment to the Option Agreement.

Implementation of Strategic Plan Goals

The Option Agreement as amended, and the proposed second amendment support the North Star 1 – Make Investments That Transform Lives, and North Star 3 – Realize Tomorrow’s Government Today.

This project is also consistent with Strategic Asset Management Goal – Maximize use of county space and achieve cost savings – and Key Objective No. 3 – Optimize Real Estate Portfolio.

The creation of the Biotech Park supports these goals and this objective by generating construction jobs and biotech jobs by providing space in the County for newly emerging biotech companies and by providing a funding mechanism for community benefits.

FISCAL IMPACT/FINANCING

The Second Amendment to the Option Agreement will have no fiscal impact.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The nonprofit, TLI, formerly known as LA BioMed, has been located at the Harbor-UCLA Medical Center Campus for nearly 70 years, and has worked in partnership with the County generating new medical paradigms, diagnostics, therapies, and devices for use all over the world. TLI currently leases an approximately 11-acre portion of the medical campus, pursuant to multiple ground leases with the County.

Pursuant to Government Code Section 26227, the Board may make available real property, not needed for County purposes, to non-profit entities for the operation of programs, which serve public purposes and are necessary to meet the social needs of the populace of the County. The County is currently using the property, which is the subject of the Option Agreement, but due to the new hospital construction, said property, or portions of said property, will not be needed for County purposes at the time of possession by TLI.

On November 16, 2021, the Board approved a motion to authorize a feasibility study on the merits and cost to create a Restorative Care Village on the Harbor-UCLA Medical Center Campus. The feasibility study was completed, and determined the best location for the Restorative Care Village would dictate some changes to the proposed Biotech Park. Given this study and the continuing Master Plan construction activities, the parties agreed to the following:

- The deadlines set forth in the Option Agreement will be extended by another two years. The proposed Second Amendment to the Option Agreement will set the effective date of the option to December 30, 2024.
- The Phase 1 location, originally contemplated to be at the Northwest corner of the medical campus, will be relocated to the Southwest corner of the medical campus where the Future Development was originally to be located, and the Future Development to be relocated to the Northwest corner of the medical campus with the final sites as set forth in Enclosure A.
- The Eastern boundary of the new Future Development location will be moved, so as not to bifurcate the existing buildings with the final sites as set forth in Enclosure A.

ENVIRONMENTAL DOCUMENTATION

On December 20, 2016, the Board approved the Master Plan and certified the final EIR for the Master Plan project, in compliance with CEQA. A Notice of Determination was filed on December 21, 2016. The EIR for the Master Plan project analyzed the development of a new Biotech Park building(s) up to 250,000 square feet on the western portion of the property.

The recommended actions, which extend the Tier 1 deadline for Phase 1, swap the Phase 1 and Future Development site areas, and change the boundary of the Future Development site area in the Option Agreement to be as stated in Enclosure A, to develop a Biotech Park totaling 250,000 square feet on approximately seven to nine acres at the northwest portion of the Harbor-UCLA Medical Center Campus, are within the scope of the impacts analyzed in the previously certified EIR. There are no changes to the project, or to the circumstances under which the project is undertaken, that require further review under CEQA. Once design is complete and prior to implementing the proposed project, the County will review the project to determine whether further findings under CEQA are necessary.

Upon the Board's approval, the Chief Executive Office will file a Notice of Determination with the Registrar-Recorder/County Clerk, in accordance with section 21152 of the California Public Resources Code.

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 as follows: Chief Executive Office, Asset Management Branch, Capital Programs Division, 500 West Temple Street, Room 754, Los Angeles, CA 90012.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The Second Amendment to the Option Agreement will not impact any current services in the area. To the extent TLI desires to exercise its option on areas then in use by the County, TLI will be required to relocate any affected staff, furniture, fixtures, and equipment and County operations, including securing replacement space, at no cost to the County. TLI is required to construct and operate the Biotech Park without impacting the operation of the hospital.

The Honorable Board of Supervisors

8/6/2024

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Respectfully submitted,



FESIA A. DAVENPORT

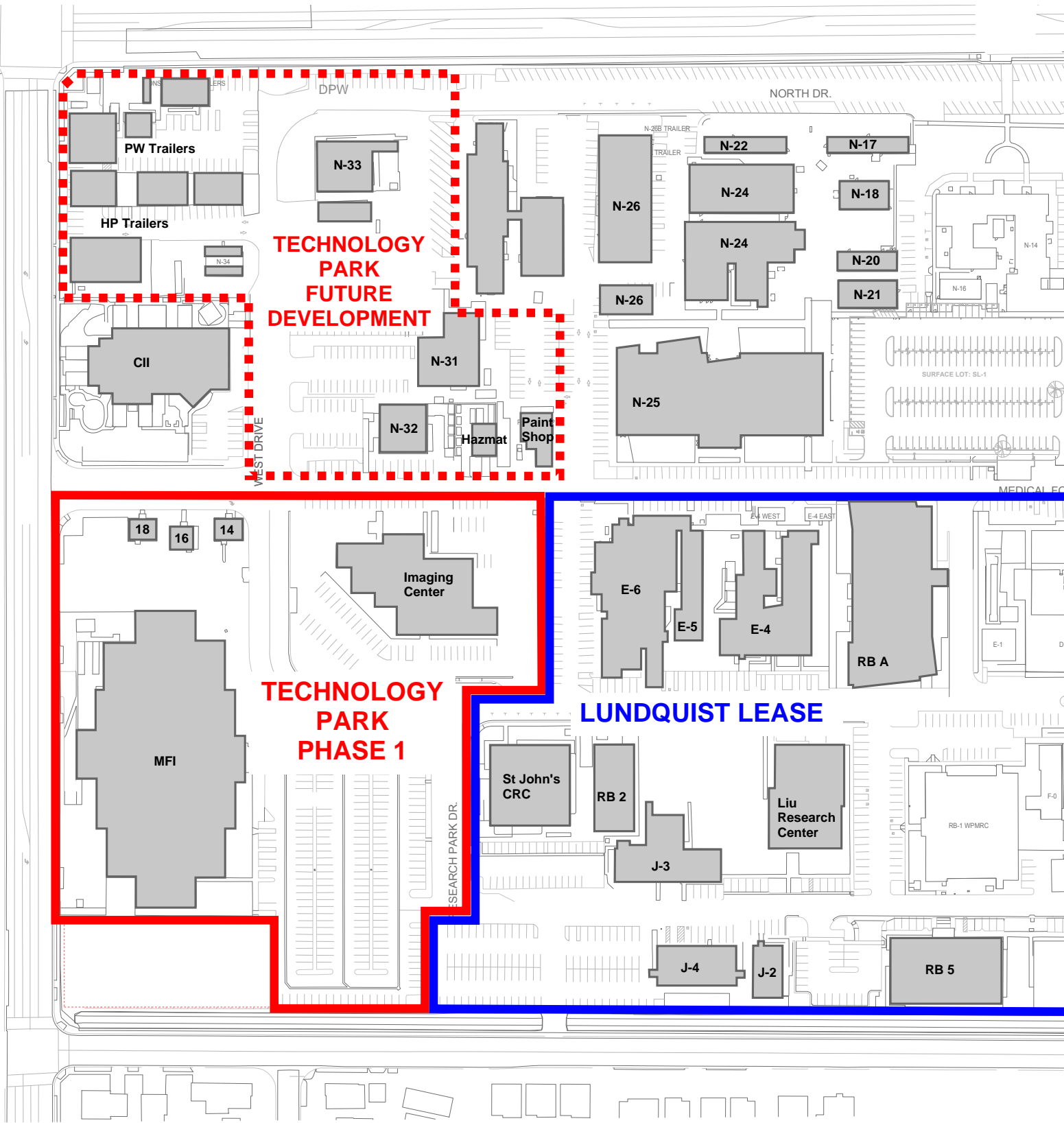
Chief Executive Officer

FAD:JMN:JTC

JLC:HD:MGR:gb

Enclosures

c: Executive Office, Board of Supervisors
County Counsel
Auditor-Controller
Health Services
Public Works



Boundary Legend:

- Lundquist Lease
- Technology Park Phase 1
- Technology Park Future Development

ENCLOSURE A

SECOND AMENDMENT TO OPTION AGREEMENT

(BIOSCIENCE TECHNOLOGY PARK AT HARBOR-UCLA MEDICAL CENTER)

THIS SECOND AMENDMENT TO OPTION AGREEMENT (“**Amendment**”) dated as of _____, 2024 by and between the COUNTY OF LOS ANGELES (“**County**”) and the LUNDQUIST INSTITUTE FOR BIOMEDICAL INNOVATION AT HARBOR-UCLA MEDICAL CENTER, a California nonprofit public benefit corporation (“**Optionee**”). County and Optionee may be referred to in this Agreement individually as “**Party**” and collectively as the “**Parties**.” This Amendment is entered into with reference to the following facts and circumstances:

RECITALS

A. On December 30, 2020 (the “**Option Agreement Effective Date**”), the County and the Optionee entered into that certain Option to Lease Agreement (Bioscience Technology Park at Harbor-UCLA Medical Center) (“**Option Agreement**”), which is incorporated by reference as if set forth herein. Capitalized terms not defined in this Amendment shall have the meaning set forth in the Option Agreement.

B. On December 9, 2022 the County and Optionee entered into that certain First Amendment to Option Agreement (Bioscience Technology Park at Harbor-UCLA Medical Center) (“**First Amendment**”) which made certain changes to the Option Agreement. Each reference herein to the “Option Agreement” shall be deemed to refer to the original Option Agreement as amended by the First Amendment.

C. The County is implementing a project to substantially renovate and replace the current Harbor-UCLA Medical Center (“**Hospital Replacement**”).

D. The Parties acknowledge that portions of the Premises will be used for construction staging, laydown and other purposes for the Hospital Replacement Program, and that existing buildings in the Premises continue to be used and occupied by Hospital and County employees to provide service and care to the community.

E. The Board of Supervisors approved a Motion on November 16, 2021, to cause the County to undertake a feasibility study to assess the comparative merits of creating a Harbor-UCLA Medical Center Campus Restorative Care Village (“**Feasibility Study**”), which could potentially impact the location and scope of the Project.

F. The Parties agree that it would be in their best interests to extend the dates of implementation of the Option Agreement. The Parties further agree to modify the Option Agreement and to modify the proposed phasing of the Project so that Phase 1 of the Project will be located on the southern portion of the Premises shown as the Tech Park Phase 1 area outlined on Exhibit A (Harbor-UCLA Campus Alignment) attached hereto and that the Future Development of the Project, if any, would be located on the northern portion of the Premises shown as the Tech Park Phase II area on Exhibit A attached hereto.

G. On August 6, 2024, the Board of Supervisors authorized the Chief Executive Officer to execute this Amendment to the Option Agreement to extend the dates of the implementation of the Option Agreement and to make certain other changes to the Option Agreement as set forth herein.

H. In light of the foregoing, the County and Optionee agree to extend the dates for implementation of the Option Agreement and to modify the portions of the Premises to be developed with the Phase I portion of the Project and any Future Development portion of the Project, as set forth herein.

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, County and Optionee agree as follows:

1. Extension of Deadlines. All references to the “Effective Date” in the Option Agreement that require action to be taken within a specified period of time from and after the Option Agreement Effective Date, and which have not yet occurred, shall be and hereby are changed to refer to December 30, 2024 as the Option Agreement “**Effective Date**”.

2. Phases of the Project. The Project shall be developed in two phases. The first Phase of the Project (“**Phase I**”) shall consist of up to three (3) new buildings and associated parking areas (each referred to as a “**Building**”) that shall be constructed on one or more Sites measuring approximately seven (7) to nine (9) acres in aggregate. The final Site dimensions shall be determined upon completion and approval of a Conceptual Site Plan (defined in Section 5.1.1 of the Option Agreement), and any land area within the Premises not assigned to Phase I shall be available for Future Development (defined in subsection (a) below). A more detailed description of the Project is set forth on Exhibit B attached hereto, which replaces Exhibit D attached to the Option Agreement. Lessee or Developer(s) may elect to develop the Buildings in Phase I containing such square footage as they determine in their sole discretion to be appropriate based on market conditions; provided that (i) no Building shall contain less than 70,000 gross square feet and (ii) the total size of all of the Buildings in Phase I shall not exceed the Maximum Development Cap. Each Building shall have parking at or exceeding the applicable code requirements for the uses in such Building.

a. Future Development. During the development of Phase I, provided that Lessee is not then in material default under this Agreement or any Leases for the Sites under Phase I, Lessee may apply to the County for entitlements to increase the square footage permitted to be developed on the Premises, which improvements shall be constructed after completion of any improvements developed under the Maximum Development Cap (any such future entitled development on the balance of the Premises is referred to as the “**Future Development**”). The Future Development shall be subject to and contingent upon environmental review under the California Environmental Quality Act (“**CEQA**”) and is contingent upon the Board’s approval after compliance with CEQA. Lessee shall be responsible for payment of all costs related to such CEQA review and other entitlement costs. This Agreement does not constitute or evidence an approval by County of, or commitment of County to, any action for which prior environmental

review is required under CEQA. County retains the absolute sole discretion to make decisions under CEQA with respect to any additional development on the Premises exceeding the Maximum Development Cap. There shall be no approval or commitment by County regarding the Future Development, unless and until County undertakes required environmental review as required in compliance with CEQA; provided, however, that prior to any such CEQA review or the filing of an application for entitlements for the Future Development, Lessee may provide County with a project description for the Future Development for the County's review. Should the Board approve any Future Development, Lessee shall have the right to exercise the Option to ground lease Sites on the balance of the Premises where the Future Development shall occur, subject to compliance with the Tier 1 and Tier 2 Conditions as set forth in Section 5 below.

3. County Use of Premises Prior to Lease of Premises. Until Lessee has exercised its Option, executed a Lease with respect to a given Site and satisfied all of the Tier 1 Conditions and Tier 2 Conditions with respect to such Site, the County shall have the right to use such Site without any restrictions, for any purpose deemed necessary or appropriate by the County, including, without limitation for the Hospital Replacement or other construction projects in the Harbor-UCLA Medical Center campus so long as such use does not make the exercise of the Option impracticable or materially more expensive for Lessee.

4. Option Term. The Option Term set forth in Section 3 of the Option Agreement is hereby amended to be a maximum of twenty-five (25) years from the Effective Date.

5. Description of Phase I. Section 3 of the Option Agreement is hereby amended to delete the references therein to "Building 1", "Site 1", "Building 2", "Site 2", "Building 3" and "Site 3" since the Parties do not yet know the exact number or location of the Buildings to be developed in Phase 1. Once Developer and County mutually determine and agree on the exact number and location of the Buildings to be developed in Phase 1, Section 3 of the Option Agreement will be further amended to insert the appropriate references to each Building and its respective Site.

6. Satisfaction of Tier 1 Conditions. Section 3.1 of the Option Agreement is hereby amended to provide that Optionee shall use commercially reasonable efforts to satisfy all the Tier 1 Conditions for Phase I prior to the second (2nd) anniversary of the Effective Date. Section 5.1 of the Option Agreement is hereby amended to provide that Optionee shall obtain the County's approval of the Tier 1 Conditions prior to the second (2nd) anniversary of the Effective Date. Each reference in Section 5.1 of the Option Agreement to the three Buildings in Phase I and to the Sites in Phase I for such Buildings is subject to further clarification and revision once Developer and County mutually determine and agree on the exact number and location of the Buildings to be developed in Phase I.

7. Development of Site 1. Section 3.2.1(ii) of the Option Agreement is hereby amended to provide that Optionee shall complete construction of, and obtain a temporary or permanent certificate of occupancy for the base shell and core together with a permanent certificate of occupancy for at least one occupied tenant space in at least one Building prior to the fifth (5th) anniversary of the Effective Date.

8. Timing of Future Development. Section 3.3 of the Option Agreement is hereby amended to change the outside date for Optionee to obtain entitlements for the Future Development and to exercise the Option with respect to the first Lease of any Site to be developed under the Future Development to be fifteen (15) years after the Effective Date.

9. Notices. Section 12 of the Option Agreement is hereby amended to update the address for notices to Optionee as follows:

Lundquist Institute for Biomedical Innovation at Harbor-UCLA Medical Center
1124 West Carson Street
Torrance, CA 90502
Attn: President and CEO
Email: m.gausche-hill@lundquist.org

10. No Other Amendments. Except as expressly set forth herein, all the terms and provisions of the Option Agreement are unchanged.

11. Reimbursement of Costs. Optionee shall reimburse County, within thirty (30) days after receipt of invoice, for the actual reasonable legal fees and other out of pocket costs incurred by County in connection with this Amendment.

12. Entire Agreement. This Amendment contains the entire agreement between the Parties, with the recitals at the beginning of the Amendment expressly incorporated, and no statements, promises, or inducements made by either Party or agent of either Party that is not contained in the Amendment shall be valid or binding. This Amendment may not be enlarged, modified, or altered except by writing signed by the Parties.

13. Counterparts. This Amendment may be signed in counterparts, which together shall constitute one and the same agreement. Signatures may be delivered by PDF or other electronic means and shall have the same effect as an original signature.

14. Ratification. Except as specifically modified herein, the Option Agreement is in all respects ratified and confirmed (*mutatis mutandis*) and shall remain in full force and effect in accordance with its terms with all capitalized terms used herein without definition having the same definition ascribed to them as in the Option Agreement.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, County and Optionee have entered into this Amendment as of the date first set forth above.

ATTEST:

DEAN C. LOGAN
Registrar-Recorder/County Clerk

By: _____
Deputy

COUNTY OF LOS ANGELES,
a body politic and corporate

FESIA A. DAVENPORT
Chief Executive Officer

By: _____
John T. Cooke
Assistant Chief Executive Office

APPROVED AS TO FORM:

DAWYN R. HARRISON,
County Counsel

By: Sonia L Chan
Deputy

APPROVED AS TO FORM:

COZEN O'CONNOR

By: Paul S Rutter
Paul S. Rutter

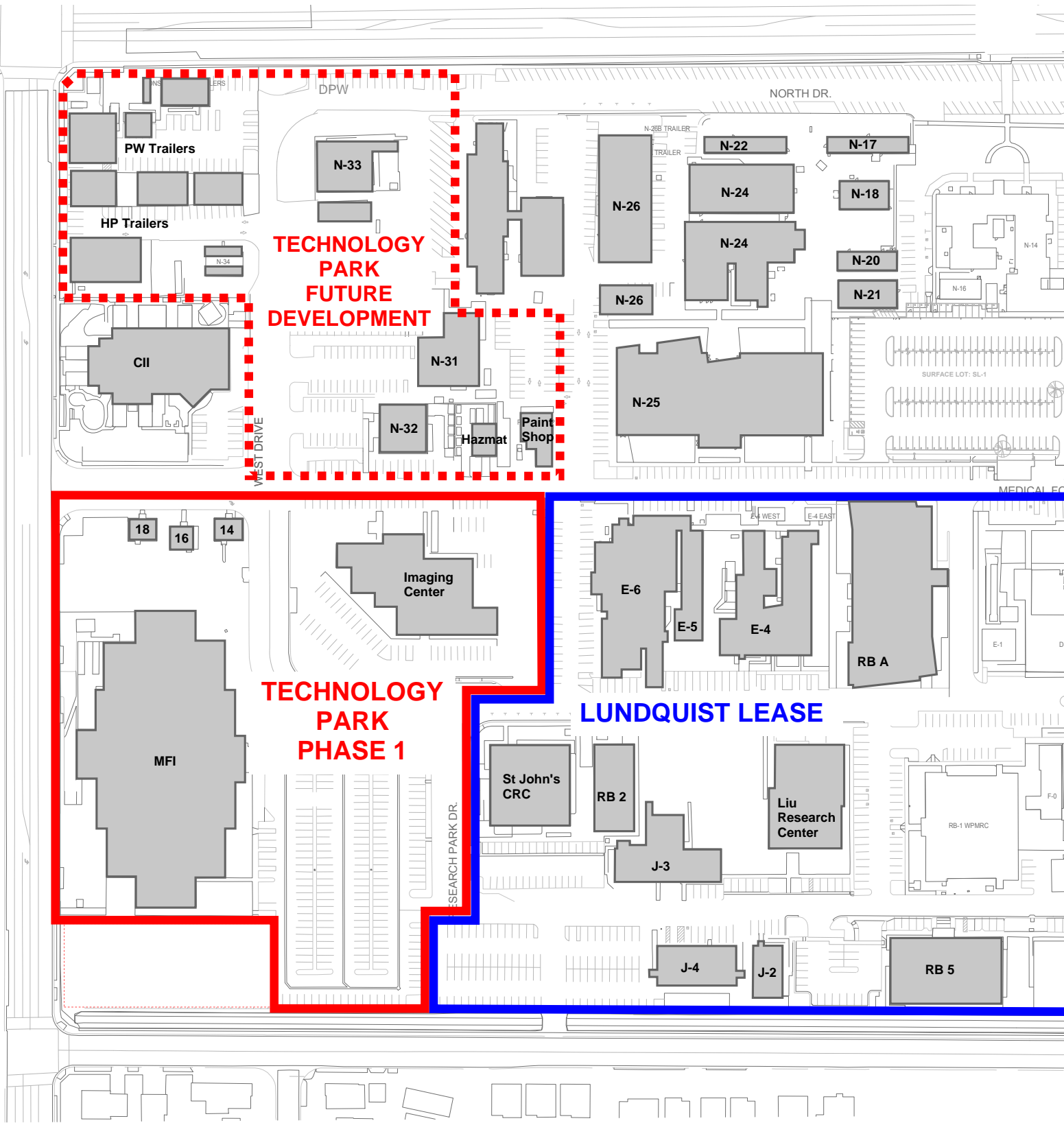
LUNDQUIST INSTITUTE FOR
BIOMEDICAL INNOVATION AT
HARBOR-UCLA MEDICAL CENTER, a
California nonprofit public benefit
corporation

By: Marianne Gausche-Hill
Name: Marianne Gausche-Hill
Its: Interim President & Chief Executive
Officer

Enclosure A

HARBOR-UCLA CAMPUS ALIGNMENT

[SEE ATTACHED]



Boundary Legend:

- Lundquist Lease
- Technology Park Phase 1
- Technology Park Future Development

ENCLOSURE A

EXHIBIT B
PROJECT DESCRIPTION

PRELIMINARY CONCEPT



PRELIMINARY CONCEPT

