



County of Los Angeles CHIEF EXECUTIVE OFFICE OPERATIONS CLUSTER

FESIA A. DAVENPORT
Chief Executive Officer

DATE: April 13, 2022
TIME: 2:00 p.m. – 4:00 p.m.
LOCATION: **TELECONFERENCE CALL-IN NUMBER: 1(323)776-6996**
TELECONFERENCE ID: 605696861#

To join via phone, dial 1(323)776-6996, then press 605696861#.

YOU CAN ALSO JOIN THIS MEETING BY CLICKING ON THE FOLLOWING LINK:

[Click here to join the meeting](#)

THIS MEETING WILL CONTINUE TO BE CONDUCTED VIRTUALLY TO ENSURE THE SAFETY OF MEMBERS OF THE PUBLIC AND EMPLOYEES AS PERMITTED UNDER STATE LAW

AGENDA

Members of the Public may address the Operations Cluster on any agenda item after all Informational Items are presented.
Two (2) minutes are allowed for each item.

1. **Call to order – Kirk Shelton/Anthony Baker**
2. **INFORMATIONAL ITEM(S):**
 - A) Board Letter:
AMENDMENT TO THE MICROSOFT ENTERPRISE VOLUME
LICENSING SERVICES CONTRACT WITH CRAYON SOFTWARE
EXPERTS, LLC (CRAYON)
LACDA – Douglas Van Gelder, IT Manager
 - B) Board Letter:
AMENDMENT TO THE MICROSOFT ENTERPRISE SERVER AND
CLOUD AZURE SERVICES CONTRACT
LACDA – Douglas Van Gelder, IT Manager

CONTINUED ON PAGE 2

- C) Board Letter:
SEVEN-YEAR LEASE OF DEPARTMENT OF HEALTH SERVICES
1426 PALOMA STREET, LOS ANGELES
CEO/RE – Michael Navarro, Chief Program Specialist

3. **PRESENTATION/DISCUSSION ITEMS:**

- A) FY 2022-23 RECOMMENDED BUDGET BRIEFING - OPERATIONS

4. **Public Comment**
(2 minutes each speaker)

5. **Adjournment**

FUTURE AGENDA TOPICS

CALENDAR LOOKAHEAD:

- A) CEO/RE – GRANT OF EASEMENT FROM COUNTY OF LOS ANGELES TO BELLFLOWER-SOMERSET MUTUAL WATER COMPANY CITY OF BELLFLOWER
- B) CEO/RE – EXTENSION OF THE EXCLUSIVE NEGOTIATION AGREEMENT AND ADMENDMENT OF LEASE NO. COL-647 WITH CHARLES R. DREW UNIVERSITY OF MEDICINE AND SCIENCE
- C) CEO/RE/DHS – FINANCING FOR TENANT IMPROVING COSTS FOR ADDITIONAL SPACE, 9320 TELSTAR AVE., EL MONTE
- D) DHS – APPROVAL TO EXERCISE THE FINAL ONE-YEAR OPTION OF EXISTING SOLE SOURCE AGREEMENT NO. HA-707648 WITH GARTNER INC., FOR SPECIALIZED INFORMATION TECHNOLOGY CONSULTING SERVICES
- E) DHR – REQUEST APPROVAL OF AN APPROPRIATION ADJUSTMENT TO ACQUIRE AND IMPLEMENT AN ENTERPRISE TALENT MANAGEMENT SOLUTION FISCAL YEAR 2021-22

BOARD LETTER/MEMO CLUSTER FACT SHEET

☒ Board Letter

☐ Board Memo

☐ Other

CLUSTER AGENDA REVIEW DATE	4/13/2022			
BOARD MEETING DATE	5/3/2022			
SUPERVISORIAL DISTRICT AFFECTED	<input checked="" type="checkbox"/> All <input type="checkbox"/> 1 st <input type="checkbox"/> 2 nd <input type="checkbox"/> 3 rd <input type="checkbox"/> 4 th <input type="checkbox"/> 5 th			
DEPARTMENT(S)	Los Angeles County Development Authority (LACDA)			
SUBJECT	Amendment to Microsoft Enterprise Volume Licensing Services Contract with Crayon Software Experts, LLC (Crayon)			
PROGRAM	Information Technology			
AUTHORIZES DELEGATED AUTHORITY TO DEPT	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No			
SOLE SOURCE CONTRACT	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, please explain why:			
DEADLINES/ TIME CONSTRAINTS	N/A			
COST & FUNDING	<table border="1" style="width: 100%;"> <tr> <td style="width: 50%;">Total cost: \$1,038,163.38</td><td style="width: 50%;">Funding source: LACDA's Fiscal Year 2022-23 Operating Budget.</td></tr> </table>		Total cost: \$1,038,163.38	Funding source: LACDA's Fiscal Year 2022-23 Operating Budget.
Total cost: \$1,038,163.38	Funding source: LACDA's Fiscal Year 2022-23 Operating Budget.			
	TERMS (if applicable): The Contract term is three years and LACDA is in Year 3 of the Contract.			
	Explanation: The Amendment increases the Contract amount by \$75,000 to a total of \$1,038,163.38 for the remainder of the contract, including pool dollars.			
PURPOSE OF REQUEST	Authorizes LACDA to amend with Contract with Crayon to increase the contract sum to purchase Microsoft's M365 G5 Security Suite and additional Microsoft 365 licenses and Software Assurance (SA) services. The Microsoft Security Suite services allows the LACDA to migrate end point and server security software from various vendors to Microsoft's advanced security products, which will provide end point protection for all personal computers and servers, email filtering capabilities, and the ability to detect and investigate security threats. The additional Microsoft 365 licenses and SA services supports the growth in employees for the LACDA's Housing Choice Voucher programs.			
BACKGROUND (include internal/external issues that may exist including any related motions)	On September 1, 2020, the Board approved Microsoft Enterprise Volume Licensing Services Contract with Crayon for a term of three years, from September 1, 2020 through August 31, 2023, for a maximum contract sum of \$935,716.98. On October 5, 2021, the Board approved the LACDA Executive Director to amend the Contract by \$27,446.40 increasing the maximum contract amount to \$963,163.38.			
EQUITY INDEX OR LENS WAS UTILIZED	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, please explain how:			
SUPPORTS ONE OF THE NINE BOARD PRIORITIES	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, please state which one(s) and explain how:			
DEPARTMENTAL CONTACTS	Name, Title, Phone # & Email: Douglas Van Gelder, IT Manager, (626) 586-1727 Douglas.VanGelder@lacda.org			



May 3, 2022

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

Dear Commissioners:

**AMENDMENT TO THE MICROSOFT ENTERPRISE VOLUME LICENSING
SERVICES CONTRACT
(ALL DISTRICTS) (3 VOTE)**

CIO RECOMMENDATION: (X) APPROVE

SUBJECT

This letter requests approval of an Amendment to the LACDA's Contract with Crayon Software Experts, LLC for Microsoft Enterprise Volume Licensing Services, to add licenses and services and increase the maximum Contract amount by \$75,000 for a total of \$1,038,163.38.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and authorize the Executive Director or his designee, to execute the attached Amendment to a Contract with Crayon Software Experts, LLC (Crayon) to purchase additional Microsoft Security Suite services and Enterprise M365 licenses, and to increase the Contract amount by \$75,000 for a total of \$1,038,163.38.
2. Find that approval of an amendment to the existing contract for Microsoft Enterprise Volume Licensing Services is not subject to the California Environmental Quality Act (CEQA) because it is not defined as a project



700 West Main Street, Alhambra, CA 91801
Tel: (626) 262-4511 TDD: (626) 943-3898



Acting Executive Director: Emilio Salas
Commissioners: Hilda L. Solis, Mark Ridley-Thomas, Sheila Kuehl, Janice Hahn, Kathryn Barger

under CEQA and does not have the potential for causing a significant effect on the environment.

3. Authorize the Executive Director or his designee, upon his determination and as necessary and appropriate under terms of the contract, to amend the contract to add or delete services and utilize pool dollars, and if necessary, terminate for convenience the contract with Crayon.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

On September 1, 2020, the Board approved a Contract with Crayon for Microsoft software licenses and Software Assurance (SA) services for a term of three years, from September 1, 2020 through August 31, 2023, for a maximum contract sum of \$935,716.98. On October 5, 2021, the Board approved the LACDA Executive Director to amend the Contract by increasing the maximum contract amount by \$27,446.40 to \$963,163.38

Under this Contract, Crayon has provided licenses and software assurance benefits for Microsoft products. The LACDA maintains Microsoft licenses to update its software needs for office computers, servers, and community learning centers. The benefits of the Contract with Crayon include simplified license and compliance tracking, flexibility to upgrade to newer versions of software products, simplified budgetary planning, unlimited web support, and security tools.

The purpose of this action is to authorize a Contract Amendment with Crayon to increase the contract sum to enable the LACDA to purchase Microsoft's M365 G5 Security Suite and additional licenses and SA services. The Microsoft Security Suite services will allow LACDA to migrate end point and server security software from various vendors to Microsoft advance security products. These security products will provide end point protection for all personal computers and servers, enhanced email filtering capabilities, and to detect, and investigate security threats. Also, the amendment allows LACDA to acquire additional Microsoft 365 end user licenses and software assurance services to support the growth in employees for its Housing Choice Voucher programs.

Therefore, the LACDA is seeking authority to amend the Contract with Crayon, to increase the contract amount by \$75,000 for Microsoft Security Suite services and additional Microsoft licensing and SA services, which will increase to the annual compensation for the remainder of the third year of the contract, to a total maximum contract of \$1,038,163.38

FISCAL IMPACT/FINANCING

There is no impact on the County General Fund. The three-year Contract term will include \$1,000,858.45 to continue Microsoft Enterprise Volume Licensing services, and \$37,304.93 in pool dollars for unforeseen costs. The LACDA will use up to \$378,089.38 included in the LACDA's Fiscal Year 2022-2023 Recommended Budget for the third year of the Contract. The maximum contract amount for all three years of the Contract will be \$1,038,163.38, including the pool dollars.

Crayon confirmed that no California sales or use taxes applies because all products for this purchase will be digitally downloaded.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The proposed Contract Amendment has been approved as to form by County Counsel and is attached in substantially final form. The Contract Amendment will incorporate the latest applicable Board mandated provision pertaining to the COVID-19 Vaccinations of the LACDA Contractor Personnel in the contract.

In compliance with Board Policy 6.020 "Chief Information Office Board Letter Approval", the Office of the Chief Information Officer (OCIO) reviewed the information technology (IT) components of this request and recommends Board authorization of the Contract Amendment with Crayon. The OCIO determined it does not constitute a technology-related acquisition of hardware, software, or professional services that would necessitate a formal written CIO Analysis. The OCIO completed a formal written analysis in August 2020 for the Contract with Crayon.

ENVIRONMENTAL DOCUMENTATION

The proposed Contract Amendment is exempt from the provisions of the National Environmental Policy Act pursuant to 24 Code of Federal Regulations, Part 58, Section 58.35 (a)(3), because it involves administrative activities that will not have a physical impact on, or result in any physical changes to the environment. The action is not subject to the provisions of CEQA pursuant to State CEQA Guidelines 15060(c)(3) and 15378, because it is not defined as a project under CEQA and does not have the potential for causing a significant effect on the environment.

IMPACT ON CURRENT SERVICES AND PROJECTS

The proposed Contract Amendment will allow the LACDA to continue receiving licenses and software assurance benefits for Microsoft Enterprise Volume Licensing Services and will improve the efficiency and effectiveness of the LACDA's administrative processes and maximize the return on the LACDA's technology investments.

Respectfully submitted,

Reviewed by:

EMILIO SALAS
Executive Director

PETER LOO
Acting Chief Information Officer

Enclosures

MICROSOFT ENTERPRISE VOLUME LICENSING SERVICES CONTRACT

CONTRACT AMENDMENT NO. 4

THIS AMENDMENT NO. 4 ("AMENDMENT") TO CONTRACT FOR MICROSOFT ENTERPRISE VOLUME LICENSING SERVICES is made and entered into this 3rd day of May, 2022, by and between the Los Angeles County Development Authority, hereinafter referred to as "LACDA" and Crayon Software Experts, LLC, hereinafter referred to as "Contractor". The LACDA and Contractor are collectively referred to as the "Parties."

WITNESSETH THAT:

WHEREAS, the LACDA and the Contractor entered into an original Contract on September 1, 2020, to provide Microsoft Enterprise Volume Licensing to the LACDA ("Contract") on an as-needed basis for three (3) years and the maximum amount of this Contract shall be \$935,716.98 for the term of this Contract, including Pool Dollars not to exceed \$85,065.18;

WHEREAS, on September 1, 2020, the Board of Commissioners approved the Executive Director to amend the Contract as necessary;

WHEREAS, on December 18, 2020, the Parties executed Amendment No. 1 to extend for the first year the purchase of quantity seventy-five (75) Microsoft Enterprise M365 licenses, and to use Board approved Pool Dollars by a total of \$19,298.25 of available \$85,065.18, and amend said Contract to revise Exhibit B, Fee Schedule;

WHEREAS, on August 26, 2021 the Parties executed Amendment No. 2 to extend for the second year the purchase of quantity seventy-five (75) Microsoft Enterprise M365 licenses, and to use Board approved Pool Dollars by a total of \$25,731.00 of available \$85,065.18, and amend said Contract to revise Exhibit B-2, Fee Schedule;

WHEREAS, on October 5, 2021, the Board of the Commissioners approved the Executive Director to amend the Contract by increasing the compensation by \$27,446.50 to \$963,163.38 for Contract years two through three;

WHEREAS, on December 1, 2021, the Parties executed Amendment No. 3 to extend for the second year the purchase of quantity forty (40) Microsoft Enterprise M365 licenses, and to use Board Motion approval funds by a total of \$13,723.20 of available \$27,446.40, and amend said Contract to revise Exhibit B-3, Fee Schedule;

WHEREAS, on May 3, 2022, the Board of the Commissioners approved the Executive Director to amend the Contract by increasing the compensation by \$75,000 to \$1,038,163.38 for Contract year three;

WHEREAS, the Parties wish to amend said contract to extend for the third year the purchase of quantity one hundred fifteen (115) Microsoft Enterprise M365 licenses

and Microsoft Security Suite, and to use Board Motion approval funds by a total of \$91,454.20 of available \$128,759.13, and amend said Contract to revise Exhibit B-4, Fee Schedule; and

WHEREAS, the Parties wish to amend said Contract to add COVID-19 Vaccinations of LACDA Contractor Personnel provision and COVID-19 Vaccination Certification of Compliance.

NOW, THEREFORE, in consideration of the mutual undertakings, herein, the Parties hereto agree that said Contract be amended as follows:

1. This Amendment shall be effective upon execution.
2. The Contract is hereby incorporated by reference, and all terms and conditions, including capitalized terms defined therein, shall be given full force and effect as if fully set forth herein.
3. Section 5.1, Total Contract Sum, is deleted in its entirety and replaced as follows:

"5.1 Total Contract Sum

The amount of compensation under this Contract commencing on May 9, 2022, and ending on August 31, 2023, inclusive, shall not exceed Seventy-Five Thousand and 0/100 Dollars (\$75,000.00) ("Maximum Amount") as set forth in Section 4.1 – Term above. The total amount of compensation under this contract, for the period commencing on September 1, 2020, and ending on August 31, 2023, shall not exceed One Million, Thirty-Eight Thousand One Hundred Sixty-Three and 38/100 Dollars (\$1,038,163.38) for the entire Contract. Any costs incurred to complete the services in excess of the Maximum Amount will be borne by the Contractor, unless otherwise agreed to in writing signed by both Parties."

4. Exhibit B, Fee Schedule, is hereby supplemented and attached hereto:

EXHIBIT B-4, FEE SCHEDULE

5. Paragraph 11.4, COVID-19 Vaccinations of LACDA Contractor Personnel, is added to the Contract and to read as follows:

"11.4 COVID-19 Vaccinations of LACDA Contractor Personnel

11.4.1 At the Contractor's sole cost, the Contractor shall comply with Chapter 2.212 (COVID-19 Vaccinations of County Contactor Personnel) of Los Angeles County Code Title 2 - Administration, Division 4. All employees of the Contractor and persons working on its behalf, including but not limited to, Subcontractors of any tier (collectively, "Contractor Personnel"), must be fully vaccinated against

the novel coronavirus 2019 ("COVID-19") prior to (1) interacting in person with LACDA employees, interns, volunteers, and commissioners ("LACDA workforce members"), (2) working on LACDA and County owned or controlled property while performing services under this Contract, and/or (3) coming into contact with the public while performing services under this Contract (collectively, "In-Person Services").

11.4.2 The Contractor Personnel are considered "fully vaccinated" against COVID-19 two (2) weeks or more after they have received (1) the second dose in a 2-dose COVID-19 vaccine series (e.g. Pfizer-BioNTech or Moderna), (2) a single-dose COVID-19 vaccine (e.g. Johnson and Johnson [J&J]/Janssen), or (3) the final dose of any COVID-19 vaccine authorized by the World Health Organization ("WHO").

11.4.3 Prior to assigning the Contractor Personnel to perform In-Person Services, the Contractor shall obtain proof that such the Contractor Personnel have been fully vaccinated by confirming the Contractor Personnel is vaccinated through any of the following documentation: (1) official COVID-19 Vaccination Record Card (issued by the Department of Health and Human Services, CDC or WHO Yellow Card), which includes the name of the person vaccinated, type of vaccine provided, and date of the last dose administered ("Vaccination Record Card"); (2) copy (including a photographic copy) of a Vaccination Record Card; (3) documentation of vaccination from a licensed medical provider; (4) a digital record that includes a quick response ("QR") code that when scanned by a SMART HealthCard reader displays to the reader client name, date of birth, vaccine dates, and vaccine type, and the QR code confirms the vaccine record as an official record of the State of California; or (5) documentation of vaccination from the Contractors who follow the CDPH vaccination records guidelines and standards. The Contractor shall also provide written notice to LACDA before the start of work under this Contract that its Contractor Personnel are in compliance with the requirements of this section. The Contractor shall retain such proof of vaccination for the document retention period set forth in this Contract, and must provide such records to the LACDA for audit purposes, when required by LACDA.

11.4.4 The Contractor shall evaluate any medical or sincerely held religious exemption request of its Contractor Personnel, as required by law. If the Contractor has determined that the Contractor Personnel is exempt pursuant to a medical or sincerely held religious reason, the Contractor must also maintain records of the Contractor Personnel's testing results. The Contractor must provide such records to the LACDA for audit purposes, when required by LACDA. The unvaccinated exempt Contractor Personnel must meet the following

requirements prior to (1) interacting in person with LACDA workforce members, (2) working on LACDA or County owned or controlled property while performing services under this Contract, and/or (3) coming into contact with the public while performing services under this Contract:

- A. Test for COVID-19 with either a polymerase chain reaction ("PCR") or antigen test has an Emergency Use Authorization ("EUA") by the FDA or is operating per the Laboratory Developed Test requirements by the U.S. Centers for Medicare and Medicaid Services. Testing must occur at least weekly, or more frequently as required by LACDA or other applicable law, regulation or order.
- B. Wear a mask that is consistent with CDC recommendations at all times while on LACDA or County controlled or owned property, and while engaging with members of the public and LACDA workforce members.
- C. Engage in proper physical distancing, as determined by the applicable LACDA department that the Contract is with.

11.4.5 In addition to complying with the requirements of this section, the Contractor shall also comply with all other applicable local, departmental, State, and federal laws, regulations and requirements for COVID-19. A completed "COVID-19 Vaccination Certification of Compliance" is located in Exhibit G – Required Forms at the Time of Contract Execution and is a required part of any agreement with the LACDA."

- 6. Exhibit G - Required Forms at the Time of Contract Execution, is amended to add the following form, attached hereto and incorporated herein:

- **COVID-19 VACCINATION CERTIFICATION OF COMPLIANCE**

- 7. All other terms and conditions in the Contract shall remain the same and in full force and effect.

[Signature on the following page]

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SIGNATURES

IN WITNESS, WHEREOF, the LACDA and the Contractor, through their duly authorized officers, have executed this Amendment No. 4 as of the date first above written.

CONTRACTOR: CRAYON SOFTWARE
EXPERTS, LLC

By _____
Ken Pharr
VP of Finance and Operations

LOS ANGELES COUNTY DEVELOPMENT
AUTHORITY

By _____
Emilio Salas
Executive Director

APPROVED AS TO FORM:
RODRIGO A. CASTRO-SILVA
County Counsel

APPROVED AS TO PROGRAM:
ADMINISTRATIVE SERVICES DIVISION

By _____
Behnaz Tashakorian
Principal Deputy County Counsel

By _____
Becky Yee
Director

**EXHIBIT B-4
FEE SCHEDULE
FOR
MICROSOFT ENTERPRISE VOLUME LICENSING SERVICES CONTRACT
(REVISED May 3, 2022)**

The Contractor shall provide Microsoft Enterprise Volume Licensing commodity and services in accordance with the Exhibit A, Statement of Work), including all referenced exhibits. The Contractor will invoice for the licensing as noted below in Section 1.

SECTION 1						
Line	Part #	M365 Item Microsoft Name Detail	Quantity	Year 1	Year 2	Year 3
1	AAD-34700	M365 E3 FromSA GCC Unified ShrdSvr ALNG SubsVL MVL PerUsr	685	\$168,126.40	\$175,147.65	\$175,147.65
2	LK3-00001	AudioConfGCC ShrdSvr ALNG SubsVL MVL PerUsr	100	\$4,033.00	\$4,192.00	\$4,192.00
3	7E7-00001	Project Plan3 frmSA GCC Shared All Lng Subs VL MV L Per User	75	\$16,395.00	\$17,042.25	\$17,042.25
4	P3U-00001	VisioPlan2GCC ShrdSvr ALNG SubsVL MVL PerUsr	120	\$15,426.00	\$16,034.40	\$16,034.40
5	7NQ-00292	SQLSvrStdCore ALNG SA MVL 2Lic CoreLic	7	\$4,073.30	\$4,022.34	\$4,022.34
6	7JQ-00343	SQLSvrEntCore ALNG SA MVL 2Lic CoreLic	20	\$43,555.80	\$44,069.00	\$44,069.00
7	77D-00111	VSPProSubMSDN ALNG SA MVL	11	\$3,352.36	\$3,352.36	\$3,352.36
8	6VC-01253	WinRmtDsktpSrvcsCAL ALNG SA MVL DvcCAL	50	\$1,073.50	\$1,073.50	\$1,073.50
9	9EA-00278	WinSvrDCCore ALNG SA MVL 2Lic CoreLic	168	\$20,359.92	\$20,727.84	\$20,727.84
10	9EM-00270	WinSvrSTDCore ALNG SA MVL 2Lic CoreLic	56	\$986.16	\$973.84	\$973.84
11		Subtotal	Per Year	\$277,381.44	\$286,635.18	\$286,635.18
12		GRAND TOTAL YEARS	1-3	\$850,651.80		

SECTION 2

In Section 2, the LACDA includes the pool of dollars ("Pool Dollars") available under this Agreement Exhibit B, Fee Schedule, for the purchase of additional commodity and services for ongoing support, upgrades, unrelated to the scope of services of \$85,065.18, at the discretion of the LACDA, using the LACDA Contract Amendment under Paragraph 8.1 (Amendments). The total amount of available Pool Dollars shall be decreased by each Amendment under Paragraph 8.1 (Amendments) and may only be increased by executing an Amendment in accordance with Paragraph 8.1 (Amendments), for the Maximum Amount of this Contract shall be \$935,716.98 ("Maximum Amount") for the term of this Contract, including Pool Dollars.

Line	Amendment Number	Description	Date Range	Pool Dollars Available \$85,065.18
1	Amendment #1	Quantity 75 - Microsoft Enterprise M365 licenses, at \$28.59/license/month*	11/12/2020-08/31/2021	(\$19,298.25)
2			Pool Dollars Balance	\$65,766.93
3	Amendment #2	Quantity 75 - Microsoft Enterprise M365 licenses, at \$28.59/license/month*	09/01/2021-08/31/2022	(\$25,731.00)
4			Pool Dollars Balance	\$40,035.93
5	Amendment #3	Board Motion authorization of funds increase 10/5/2021	10/05/2021-08/31/2023	\$27,446.40
6		Amendment #2 Pool Dollars Balance (Line 4)		\$40,035.93
7		Line 5 + Line 6	Updated Pool Dollars Balance	\$67,482.33
8	Amendment #3	Quantity 40 - Microsoft Enterprise M365 licenses, at \$28.59/license/month*	10/27/2021-08/31/2022**	(\$13,723.20)
9			Pool Dollars Balance	\$53,759.13
10	Amendment #4	Board of Commissioners authorization of funds increase 5/9/2022	09/01/2022-08/31/203	\$75,000.00
11		Line 9 + Line 10	Updated Pool Dollars Balance	\$128,759.13
12	Amendment #4	Quantity 75 - Microsoft Enterprise M365 licenses, at \$28.59/license/month*		(\$25,731.00)
13	Amendment #4	Quantity 40 - Microsoft Enterprise M365 licenses, at \$28.59/license/month*		(\$13,723.20)

14	Amendment #4	Microsoft Security Suite		(\$52,000.00)
15			Pool Dollars Balance	\$37,304.93

*Reference Exhibit B.1, if LACDA renews the quantity 75 licenses for year 3 of contract availability.

**Quantity 40 M365 licenses to be available to purchase in year 2 and contractor to cotermin cost when licenses are added.

BOARD LETTER/MEMO CLUSTER FACT SHEET

☒ Board Letter

☐ Board Memo

☐ Other

CLUSTER AGENDA REVIEW DATE	4/13/2022			
BOARD MEETING DATE	5/3/2022			
SUPERVISORIAL DISTRICT AFFECTED	<input checked="" type="checkbox"/> All <input type="checkbox"/> 1 st <input type="checkbox"/> 2 nd <input type="checkbox"/> 3 rd <input type="checkbox"/> 4 th <input type="checkbox"/> 5 th			
DEPARTMENT(S)	Los Angeles County Development Authority			
SUBJECT	Amendment to Microsoft Enterprise Server and Cloud Azure Services Contract with Insight Public Sector, Inc. (Insight)			
PROGRAM	Information Technology			
AUTHORIZES DELEGATED AUTHORITY TO DEPT	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No			
SOLE SOURCE CONTRACT	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, please explain why:			
DEADLINES/ TIME CONSTRAINTS	N/A			
COST & FUNDING	<table border="1" style="width: 100%;"> <tr> <td style="width: 50%;">Total cost: \$465,000</td> <td style="width: 50%;">Funding source: LACDA's Fiscal Year 2022-23 and 2023-24 Operating Budgets.</td> </tr> </table>		Total cost: \$465,000	Funding source: LACDA's Fiscal Year 2022-23 and 2023-24 Operating Budgets.
Total cost: \$465,000	Funding source: LACDA's Fiscal Year 2022-23 and 2023-24 Operating Budgets.			
	TERMS (if applicable): The Contract term is three years and the LACDA is currently in Year 1 of the Contract.			
	Explanation: The Amendment increases the Contract amount by \$165,000 (including \$15,000 of pool dollars for unforeseen costs), for a total maximum Contract amount of \$465,000.			
PURPOSE OF REQUEST	Authorizes the LACDA to amend the Contract with Insight to increase the Contract sum to purchase as-needed Azure cloud server and storage services. These services will support the migration of LACDA end-of-life servers to Azure cloud services to reduce its equipment refresh costs and provide flexibility to scale Azure cloud services to meet LACDA needs for additional server and storage capacity.			
BACKGROUND (include internal/external issues that may exist including any related motions)	On May 23, 2021, the LACDA executed a Microsoft Enterprise Server and Cloud Azure Services Contract with Insight for one year with two optional one-year extensions with annual compensation not to exceed \$100,000. The benefits of the Contract with Insight include streamlined license and compliance tracking, ability to add and remove Azure services as needed, and simplified budgetary planning.			
EQUITY INDEX OR LENS WAS UTILIZED	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, please explain how:			
SUPPORTS ONE OF THE NINE BOARD PRIORITIES	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, please state which one(s) and explain how:			
DEPARTMENTAL CONTACTS	Name, Title, Phone # & Email: Douglas Van Gelder, IT Manager, (626) 586-1727 Douglas.VanGelder@lacda.org			



May 3, 2022

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

Dear Commissioners:

**AMENDMENT TO THE MICROSOFT ENTERPRISE SERVER AND CLOUD AZURE
SERVICES CONTRACT
(ALL DISTRICTS) (3 VOTE)**

CIO RECOMMENDATION: (X) APPROVE

SUBJECT

This letter requests approval of an Amendment to the LACDA's Contract with Insight Public Sector, Inc. for Microsoft Enterprise Server and Cloud Azure Services, to add licenses and increase the Contract amount by \$165,000 for a total maximum Contract amount of \$465,000.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and authorize the Executive Director or his designee, to execute the attached Amendment to LACDA's Contract with Insight Public Sector, Inc. (Insight) to purchase additional Microsoft Azure Cloud services and to increase the Contract amount by \$165,000 (including \$15,000 of pool dollars for unforeseen costs), for a total maximum Contract amount of \$465,000.
2. Find that approval of an Amendment to the existing Contract for Microsoft Enterprise Server and Cloud Azure Services is not subject to the California Environmental Quality Act (CEQA) because it is not defined as a project



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Commissioners: Hilda L. Solis, Mark Ridley-Thomas, Sheila Kuehl, Janice Hahn, Kathryn Barger

under CEQA and does not have the potential for causing a significant effect on the environment.

3. Authorize the Executive Director, or his designee, upon his determination and as necessary and appropriate under terms of the Contract, to amend the Contract to add or delete services and utilize pool dollars, and if necessary, terminate for convenience the Contract with Insight.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

On May 23, 2021, the LACDA executed a Contract with Insight to provide Microsoft Enterprise Server and Cloud Azure Services on an as-needed basis for one year with two one-year extensions with annual compensation not to exceed \$100,000. The benefits of the Contract with Insight include streamlined license and compliance tracking, ability to add and remove Azure services as needed, and simplified budgetary planning.

The purpose of this action is to approve and authorize a Contract Amendment with Insight to increase the maximum Contract sum to purchase as-needed Azure cloud server and storage services. These services will support the migration of LACDA end-of-life servers to Azure cloud services to reduce its equipment refresh costs and provide flexibility to scale Azure cloud services to meet LACDA needs for additional server and storage capacity.

Therefore, the LACDA is seeking authority to amend the Contract with Insight to increase the Contract amount by \$165,000 (includes \$15,000 of pool dollars for unforeseen costs) for a total maximum Contract amount of \$465,000.

FISCAL IMPACT/FINANCING

There is no impact on the County General Fund. The three-year Contract term will include \$450,000 to continue Microsoft Enterprise Server and Azure Cloud services, and \$15,000 in pool dollars for unforeseen costs. The LACDA will use funds included in the LACDA's Fiscal Year (FY) 2022-2023 Recommended Budget for year two and the following FY for year three through the annual budget approval process. The maximum Contract amount for all three years of the Contract will be \$465,000, including the pool dollars.

Insight confirmed that no California sales or use taxes applies because all products for this purchase will be digitally downloaded.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The proposed Contract Amendment has been approved as to form by County Counsel and is attached in substantially final form. The Contract Amendment will incorporate the latest applicable Board mandated provision pertaining to the COVID-19 Vaccinations of the LACDA Contractor Personnel in the Contract.

Honorable Board of Commissioners

May 3, 2022

Page 3

The Chief Information Office (CIO) has reviewed this request and recommends approval. The CIO Analysis is attached (Attachment A).

ENVIRONMENTAL DOCUMENTATION

The proposed Contract Amendment is exempt from the provisions of the National Environmental Policy Act pursuant to 24 Code of Federal Regulations, Part 58, Section 58.35 (a)(3), because it involves administrative activities that will not have a physical impact on, or result in any physical changes to the environment. The action is not subject to the provisions of CEQA pursuant to State CEQA Guidelines 15060(c)(3) and 15378, because it is not defined as a project under CEQA and does not have the potential for causing a significant effect on the environment.

IMPACT ON CURRENT SERVICES AND PROJECTS

The proposed Contract Amendment will allow the LACDA to continue receiving licenses, Azure services benefits for Microsoft Enterprise Server and Cloud Azure Services and will improve the efficiency and effectiveness of the LACDA's administrative processes and maximize the return on the LACDA's technology investments.

Respectfully submitted,

Reviewed by:

EMILIO SALAS
Executive Director

PETER LOO
Acting Chief Information Officer

Enclosures



DRAFT

Attachment

CIO ANALYSIS

Peter Loo

ACTING CHIEF INFORMATION OFFICER

BOARD AGENDA DATE:

Board date

This document provides an analysis and recommendations by the Office of the Chief Information Officer pertaining only to “requests concerning the approval of actions related to the management, design, development, acquisition, expansion, or purchase of **automated systems and/or related services**,” per [Board Policy 6.020, “Chief Information Office Board Letter Approval”](#). This document shall not be construed as endorsement, or a recommendation for approval, of any other items.

SUBJECT:

AMENDMENT TO THE MICROSOFT ENTERPRISE SERVER AND CLOUD AZURE SERVICES CONTRACT

CONTRACT TYPE:

☐ New Contract ☐ Sole Source ☒ Amendment to Contract #: N/A

SUMMARY:

The LACDA is requesting Board authorization to amend a Contract with Insight Public Sector, Inc., (Insight), to increase the maximum Contract sum by \$165,000, including \$15,000 of pool dollars, for a total Contract Amount of \$465,000, to purchase additional Microsoft Azure subscription server and storage services. The LACDA is further requesting authorization to amend the Contract with Insight to to add or delete services and utilize pool dollars, and if necessary, terminate for convenience. Finally, the LACDA is recommending the Board find the Contract is exempt from the California Environmental Quality Act.

The proposed Amendment will support planned transition of the LACDA of their existing data center computing infrastructure to a hybrid cloud environment, which combines their on-premises datacenter environment with the Microsoft Azure public cloud, allowing data and applications to be shared between them. This hybrid cloud model allows the LACDA to replace the majority of their end-of-life server and storage equipment with Microsoft Azure resources and avoid the expense of acquiring, deploying and maintaining the equipment and associated software. Also, it provides flexibility to scale data storage and computing resources (up or down) on as-needed basis to meet the LACDA business needs.

Contract Amendment: \$165,000

**FINANCIAL ANALYSIS:****Contract Amount:**Year One \$ 100,000¹Year Two \$ 175,000²Year Three \$ 175,000²Contract Pool Dollars \$ 15,000³**Total Contract Amount: \$ 465,000****Notes:**¹Original Contract amount²Amendment Contract Amount added \$75,000 for Year Two and Three (\$100,000 + 75,000 = \$175,000)³Amendment Pool Dollars added for unforeseen costs**RISKS:**

1. **Accuracy of License Levels** – Accurate software license counts are needed to ensure that the LACDA does not overpay/underpay for license components (e.g., server licensing, Microsoft Azure subscriptions and software assurance services). Any variances from the initial license counts are accounted for in annual true up during the term of the Contract.
2. **Information Security** – The County's Chief Information Security Officer (CISO) has reviewed LACDA's contract and determined that no confidential and/or sensitive information is being used or handled during the contract term.
3. **Contract Risks** – No Contract risks have been identified. County Counsel participated in its negotiation and approved the Contract as to form.

PREPARED BY:_____
(NAME) DEPUTY CHIEF INFORMATION OFFICER_____
DATE**APPROVED:**_____
PETER LOO, ACTING CHIEF INFORMATION OFFICER_____
DATE

MICROSOFT ENTERPRISE SERVER AND CLOUD AZURE CONTRACT

AMENDMENT NO. 1

THIS AMENDMENT NO. 1 ("AMENDMENT") TO CONTRACT FOR MICROSOFT ENTERPRISE SERVER AND CLOUD AZURE SERVICES is made and entered into this 3rd day of May, 2022, by and between the Los Angeles County Development Authority, hereinafter referred to as "LACDA" and Insight Public Sector, Inc., hereinafter referred to as "Contractor". The LACDA and Contractor are collectively referred to as the "Parties."

WITNESSETH THAT:

WHEREAS, the LACDA and the Contractor entered into an original Contract on May 23, 2021, to provide Microsoft Enterprise Server and Cloud Azure Services to the LACDA ("Contract") on an as-needed basis for twelve (12) months with the option for two (2) one-year extensions and an annual "Maximum Amount" of compensation not to exceed \$100,000.00;

WHEREAS, on May 3, 2022, the Board of the Commissioners approved the Executive Director to amend the Contract by increasing the compensation by \$165,000, including \$15,000 of pool dollars for unforeseen costs, for a total contract amount of \$465,000; and

WHEREAS, the Parties wish to amend said Contract to extend for the second, year to May 22, 2023 for an annual compensation of \$175,000.00; and

WHEREAS, the Parties wish to amend said Contract to add COVID-19 Vaccinations of LACDA Contractor Personnel provision and COVID-19 Vaccination Certification of Compliance; and

NOW, THEREFORE, in consideration of the mutual undertakings, herein, the Parties hereto agree that said Contract be amended as follows:

1. This Amendment shall be effective upon execution.
2. The Contract is hereby incorporated by reference, and all terms and conditions, including capitalized terms defined therein, shall be given full force and effect as if fully set forth herein.
3. Paragraph 4.1, Term, subsection 4.1.1, is deleted in its entirety and replaced as follows:

"4.1.1 This term of this Contract shall commence on May 23, 2022, and shall remain in full force and effect until May 22, 2023 ("Term"), after execution by the LACDA's Executive Director, or his designee, unless sooner terminated or extended, in whole or in part, as provided in this Contract."

4. Paragraph 5.1, Total Contract Sum, is deleted in its entirety and replaced as follows:

"5.1 Total Contract Sum

The annual compensation for this Contract commencing on May 23, 2022, and ending on May 22, 2023, inclusive, shall not exceed One Hundred Seventy-Five Dollars and 0/100 Dollars (\$175,000.00) ("Maximum Amount") as set forth in Section 4.1 – Term above. The total contract sum for the Term is Four Hundred Fifty Thousand and 0/100 Dollars (\$450,000.00) ("Total Contract Sum"). Any costs incurred to complete the services in excess of the Maximum Amount will be borne by the Contractor, unless otherwise agreed to in writing signed by both Parties."

5. Paragraph 11.11, COVID-19 Vaccinations of LACDA Contractor Personnel, is added to the Contract and to read as follows:

"11.11 COVID-19 Vaccinations of LACDA Contractor Personnel

11.11.1 At the Contractor's sole cost, the Contractor shall comply with Chapter 2.212 (COVID-19 Vaccinations of County Contractor Personnel) of Los Angeles County Code Title 2 - Administration, Division 4. All employees of the Contractor and persons working on its behalf, including but not limited to, Subcontractors of any tier (collectively, "Contractor Personnel"), must be fully vaccinated against the novel coronavirus 2019 ("COVID-19") prior to (1) interacting in person with LACDA employees, interns, volunteers, and commissioners ("LACDA workforce members"), (2) working on LACDA and County owned or controlled property while performing services under this Contract, and/or (3) coming into contact with the public while performing services under this Contract (collectively, "In-Person Services").

11.11.2 The Contractor Personnel are considered "fully vaccinated" against COVID-19 two (2) weeks or more after they have received (1) the second dose in a 2-dose COVID-19 vaccine series (e.g. Pfizer-BioNTech or Moderna), (2) a single-dose COVID-19 vaccine (e.g. Johnson and Johnson [J&J]/Janssen), or (3) the final dose of any COVID-19 vaccine authorized by the World Health Organization ("WHO").

11.11.3 Prior to assigning the Contractor Personnel to perform In-Person Services, the Contractor shall obtain proof that such the Contractor Personnel have been fully vaccinated by confirming the Contractor Personnel is vaccinated through any of the following documentation: (1) official COVID-19 Vaccination Record Card (issued by the Department of Health and Human Services, CDC or WHO Yellow Card), which includes the name of the person vaccinated, type of

vaccine provided, and date of the last dose administered ("Vaccination Record Card"); (2) copy (including a photographic copy) of a Vaccination Record Card; (3) documentation of vaccination from a licensed medical provider; (4) a digital record that includes a quick response ("QR") code that when scanned by a SMART HealthCard reader displays to the reader client name, date of birth, vaccine dates, and vaccine type, and the QR code confirms the vaccine record as an official record of the State of California; or (5) documentation of vaccination from the Contractors who follow the CDPH vaccination records guidelines and standards. The Contractor shall also provide written notice to LACDA before the start of work under this Contract that its Contractor Personnel are in compliance with the requirements of this section. The Contractor shall retain such proof of vaccination for the document retention period set forth in this Contract, and must provide such records to the LACDA for audit purposes, when required by LACDA.

11.11.4 The Contractor shall evaluate any medical or sincerely held religious exemption request of its Contractor Personnel, as required by law. If the Contractor has determined that the Contractor Personnel is exempt pursuant to a medical or sincerely held religious reason, the Contractor must also maintain records of the Contractor Personnel's testing results. The Contractor must provide such records to the LACDA for audit purposes, when required by LACDA. The unvaccinated exempt Contractor Personnel must meet the following requirements prior to (1) interacting in person with LACDA workforce members, (2) working on LACDA or County owned or controlled property while performing services under this Contract, and/or (3) coming into contact with the public while performing services under this Contract:

- A. Test for COVID-19 with either a polymerase chain reaction ("PCR") or antigen test has an Emergency Use Authorization ("EUA") by the FDA or is operating per the Laboratory Developed Test requirements by the U.S. Centers for Medicare and Medicaid Services. Testing must occur at least weekly, or more frequently as required by LACDA or other applicable law, regulation or order.
- B. Wear a mask that is consistent with CDC recommendations at all times while on LACDA or County controlled or owned property, and while engaging with members of the public and LACDA workforce members.
- C. Engage in proper physical distancing, as determined by the applicable LACDA department that the Contract is with.

11.11.5 In addition to complying with the requirements of this section, the Contractor shall also comply with all other applicable local,

7. Exhibit G - Required Forms at the Time of Contract Execution, is amended to add the following form, attached hereto and incorporated herein:

8. All other terms and conditions in the Contract shall remain the same and in full force and effect.

[illegible]

SIGNATURES

IN WITNESS, WHEREOF, the LACDA and the Contractor, through their duly authorized officers, have executed this Amendment No. 1 as of the date first above written.

CONTRACTOR: INSIGHT PUBLIC SECTOR,
INC.

By _____
Lisanne Steinheiser
Global Compliance Officer

LOS ANGELES COUNTY DEVELOPMENT
AUTHORITY

By _____
Emilio Salas
Executive Director

APPROVED AS TO FORM:
RODRIGO A. CASTRO-SILVA
County Counsel

APPROVED AS TO PROGRAM:
ADMINISTRATIVE SERVICES DIVISION

By _____
Behnaz Tashakorian
Principal Deputy County Counsel

By _____
Becky Yee
Director

BOARD LETTER/MEMO CLUSTER FACT SHEET

☒ Board Letter

☐ Board Memo

☐ Other

CLUSTER AGENDA REVIEW DATE	4/13/2022			
BOARD MEETING DATE	5/3/2022			
SUPERVISORIAL DISTRICT AFFECTED	<input type="checkbox"/> All <input checked="" type="checkbox"/> 1 st <input type="checkbox"/> 2 nd <input type="checkbox"/> 3 rd <input type="checkbox"/> 4 th <input type="checkbox"/> 5 th			
DEPARTMENT(S)	Department of Health Services (DHS)			
SUBJECT	Assignment of an existing lease and sublease from the City of Los Angeles (City) to the County of Los Angeles (County), exercise a proposed seven-year lease extension, and execute an amendment with B.F.P.Z., LLC (Landlord) that will allow the Department of Health Services (DHS) to continue to provide the Department's Housing for Health (HFH) program at The Lotus, an interim housing facility that contains 119 beds within 17,917 square feet, and six on-site parking spaces.			
PROGRAM	Housing for Health (HFH)			
AUTHORIZES DELEGATED AUTHORITY TO DEPT	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No			
SOLE SOURCE CONTRACT	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, please explain why:			
DEADLINES/ TIME CONSTRAINTS	The City's three-year lease is set to expire on May 21, 2022, and the City intends to assign the lease to the County before it expires. Once the County assumes the proposed lease and sublease, the County will exercise the existing option under the lease and sublease to extend the lease and sublease for another seven years each respectively.			
COST & FUNDING	<table border="1" style="width: 100%;"> <tr> <td>Total cost: \$3,024,000</td> <td>Funding source: 100% Measure H funding sources</td> </tr> </table> <p>TERMS (if applicable): The proposed seven-year lease has one scheduled 5% increase in year 7 of the extension option term (an initial 5% increase in year 4 will be waived upon full execution of the First Amendment). The County does not have the right to terminate the proposed lease early.</p> <p>Explanation: Sufficient funding to cover the proposed rent for the first year of the proposed lease extension option term, is included in the Fiscal Year (FY) 2021-22 Rent Expense Budget and will be billed back to DHS. DHS has sufficient funding in its FY 2021-22 Operating Budget to cover the proposed rent for the first year. Beginning in FY 2022-23, ongoing funding for costs associated with the proposed lease extension option will be part of the budget for DHS. The rental costs will be funded by 100 percent by Measure H funding sources.</p>		Total cost: \$3,024,000	Funding source: 100% Measure H funding sources
Total cost: \$3,024,000	Funding source: 100% Measure H funding sources			
PURPOSE OF REQUEST	Approval of the recommended actions will authorize and adequately provide the necessary interim housing beds administered by Home at Last (HAL).			
BACKGROUND (include internal/external issues that may exist including any related motions)	Assignment of an existing lease and sublease from the City to the County, exercise a proposed seven-year lease extension, and execute an amendment with Landlord that will allow the DHS to continue to provide HFH program at The Lotus, an interim housing facility that contains 119 beds within 17,917 square feet, and six on-site parking spaces.			
EQUITY INDEX OR LENS WAS UTILIZED	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, please explain how:			
SUPPORTS ONE OF THE NINE BOARD PRIORITIES	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, please state which one(s) and explain how:			
DEPARTMENTAL CONTACTS	Michael Navarro CEO – Real Estate Division 213-974-4364 Mnavarro@ceo.lacounty.gov			



County of Los Angeles **CHIEF EXECUTIVE OFFICE**

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

FESIA A. DAVENPORT
Chief Executive Officer

Board of Supervisors
HILDA L. SOLIS
First District

HOLLY J. MITCHELL
Second District

SHEILA KUEHL
Third District

JANICE HAHN
Fourth District

KATHRYN BARGER
Fifth District

May 3, 2022

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

Dear Supervisors:

**SEVEN-YEAR LEASE
DEPARTMENT OF HEALTH SERVICES
1426 PALOMA STREET, LOS ANGELES
(FIRST DISTRICT) (3 VOTES)**

SUBJECT

Approval of assignment of an existing lease and sublease from the City of Los Angeles (City) to the County of Los Angeles (County), exercise proposed seven-year lease extension, and seven-year sublease extension and execute an amendment with B.F.P.Z., LLC (Landlord) that will allow the Department of Health Services (DHS) to continue to provide the Department's Housing for Health (HFH) program at The Lotus, an interim housing facility that contains 119 beds within 17,917 square feet, and six on-site parking spaces. This program for unsheltered men, women, and couples is currently administered by Home at Last Community Development Corporation (HAL).

IT IS RECOMMENDED THAT THE BOARD:

1. Find that the proposed lease is exempt from the California Environmental Quality Act (CEQA), for the reasons stated in this Board letter and in the record of the project.
2. Authorize the Chief Executive Officer, or her designee, to execute a proposed Assignment and Assumption agreement, approved as to form by County Counsel, with the City to assume an existing lease with the Landlord for the use of 17,917 square feet of interim housing space, and six on-site parking spaces located at 1426 Paloma Street, Los Angeles, CA 90021. Further, authorize the Chief Executive Officer, or her designee, to exercise an existing seven-year term extension option and execute an amendment to waive the first 5 percent rental

increase for the proposed lease. The maximum first year base rental cost is \$420,000 inclusive of parking. The estimated total lease cost is \$3,024,000 over the seven-year term. The rental costs will be funded 100 percent by Measure H funding sources.

3. Authorize the Chief Executive Officer, or her designee, to execute a proposed Assignment and Assumption agreement, approved as to form by County Counsel, with the City to assume the existing sublease agreement between the City and HAL, so that HAL can continue to operate, manage, and provide the Lotus interim housing program at 1426 Paloma Street, Los Angeles, CA 90021. Further, authorize the Chief Executive Officer, or her designee, to exercise an existing seven-year term extension option of the proposed sublease.
4. Authorize and direct the Chief Executive Officer, or her designee, to execute any other ancillary documentation necessary to effectuate the terms of the proposed assignments, lease, and sublease, approved as to form by County Counsel, and to take actions necessary and appropriate to implement the terms of the proposed transactions as described in this Board letter, including, without limitation, any amendments, and exercising any options to extend.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The 2020 Greater Los Angeles Homeless Count found that there were approximately 66,436 people experiencing homelessness, of which 48,041 were unsheltered in the County, a 12.7 percent rise from 2019's point-in-time count. The City saw a 16.1 percent rise to 41,290 homeless individuals of which 28,852 were unsheltered and approximately 2,000 of whom were unsheltered and located within the Skid Row area.

The Lotus is an interim housing program located within the Skid Row and adjacent area of downtown Los Angeles. Interim housing aims to transition vulnerable clients out of homelessness to provide a stable experience that can facilitate placement into permanent housing. As such, there are case managers and other personnel that are onsite to provide in-depth services to its clients. Finding willing landlords near the Skid Row area to house the most vulnerable of the homeless population in the County was not a task that can be easily duplicated.

The property is owned by B.F.P.Z., LLC, and is comprised of an approximately 49,995 square foot lot with a building of approximately 35,835 square feet. The City partnered with DHS where the City leased one half of the building, approximately 17,917 square feet, and DHS funded the conversion of the site into a 119 bed interim housing site costing approximately \$6.7 million through its Capital Improvements Intermediary Program (CIIP). The Landlord contributed \$30,000 towards the renovations. The Lotus was improved with 119 beds that include new interior walls/room partitions to create

semi-private sleeping cubicles, restrooms with showers, laundry area, a kitchen/pantry, and community spaces. Additionally, there are administrative office and delivery services, conference room, storage area, plus a medication/private consulting area, and breakroom. Renovations also included upgrading the building systems, and installation of sprinklers, windows, native landscaping, lighted pathways, shade structures, outdoor furniture, and other ancillary exterior improvements.

DHS has assumed responsibility for the operation of the interim housing since its completion. The City agreed to enter into a three-year lease with the understanding that the County would assume the lease at the expiration of the initial term and exercise the seven-year extension option to allow DHS, or its operator, to continue to operate the program through the remaining period of the lease. The City's three-year lease is set to expire on May 21, 2022, and the City intends to assign the lease to the County before the lease expires. Once the County assumes the proposed lease and sublease, the County will exercise the existing option under the lease and sublease to extend the lease and sublease for another seven years each, respectively.

The non-profit operator, HAL, has been in operation for over 20 years and seeks to facilitate transitions out of homelessness and poverty through a continuum of care. HAL was selected to be the lead operator and The Lotus opened its doors in December 2020. This interim housing intervention provides a critical bridge to permanent housing, allowing individuals served to begin receiving case management and supportive services in a safe and stable environment. HAL provides three meals a day, and on-site services like case management, mental health care, substance abuse treatment, and housing placement to help residents stabilize their lives and move on to permanent housing.

The location is served by multiple public transportation routes and is freeway accessible. DHS proposes to assume the lease to accommodate the program in the Skid Row area.

DHS has no plans for teleworking at this location because HAL administers the Lotus, which is a direct service provider aimed to get homeless individuals off the streets and help them rebuild their lives. Since the County is assuming an existing lease, co-work space was not considered a viable alternative.

Approval of the recommended action will find that assuming the lease and sublease, and exercising the respective options to extend are exempt from CEQA and will allow DHS to continue to provide interim housing at this location.

Implementation of Strategic Plan Goals

The Countywide Strategic Plan Goal 1 - *“Make Investments That Transform Lives”* - provides that we will aggressively address society’s most complicated social, health, and public safety challenges. We want to be a highly responsive organization capable of responding to complex societal challenges - one person at a time.

Countywide Strategic Plan Goal 2 - *“Foster Vibrant and Resilient Communities”* - provides that our investments in the lives of County residents are sustainable only when grounded in strong communities. We want to be the hub of a network of public-private partnering agencies supporting vibrant communities.

The proposed assumption of the lease and sublease, extensions and amendment are also consistent with Strategic Asset Management Goal - Strengthen Connection Between Service Priorities and Asset Decisions; and Key Objective No. 4 - Guide Strategic Decision-Making.

The proposed lease and sublease support the above goals and objective by providing DHS the ability to utilize interim housing within the Skid Row area, providing the existing described services in the community. The proposed assumption of lease and sublease and extensions conform with the Asset Management Principles outlined in Enclosure A.

FISCAL IMPACT/FINANCING

The aggregate cost associated with the proposed lease over the entire term is \$3,024,000 as shown on Enclosure B. The rental costs will be funded by 100 percent by Measure H funding sources.

Sufficient funding to cover the proposed rent for the first year of the proposed lease extension option term, is included in the Fiscal Year (FY) 2021-22 Rent Expense Budget and will be billed back to DHS. DHS has sufficient funding in its FY 2021-22 Operating Budget to cover the proposed rent for the first year. Beginning in FY 2022-23, ongoing funding for costs associated with the proposed lease extension option will be part of the budget for the DHS.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

In addition to the terms previously stated, by assuming the proposed lease and sublease, the County will be subject to the following existing terms:

- The annual rental rate under the proposed lease will be \$23.44 per square foot, per year, the equivalent of \$9.67 cost per bed, per day, including six on-site parking spaces at no additional cost. Upon assignment and assumption of the lease, a scheduled 5 percent increase will take place in year seven. Staff successfully negotiated a waiver of the first scheduled 5 percent rental increase that would have taken place in year four.
- The County shall pay a security deposit equal to one month's rent (i.e., \$35,000).
- The Landlord is responsible for property taxes and insurance.
- The County does not have the right to terminate the proposed lease early.
- Holdover at the termination of the lease term, as extended under the option, is permitted on a month-to-month basis, and on the same terms and conditions, and shall be at the same rental rate as the base rent applicable during the last rental period of the term.
- The proposed assignment of the lease and sublease and exercise of the lease and sublease extension options will be effective May 20, 2022.
- The sublease includes the following terms: rent is gratis, HAL is responsible for maintenance, all utilities, and janitorial costs for The Lotus.

The Chief Executive Office (CEO) conducted a market search of available interim housing facilities for lease but was unable to identify any sites that could accommodate this requirement more economically. Based upon a review of available industry data, it has been established that the annual rental range for a comparable lease in the area is between \$6.84 per bed, per day, to \$24.91 per bed, per day. The base annual rental rate of \$9.67 per bed, per day, for the proposed lease represents a rate that is on the low end of the market range for the area. Further, relocation to a new building would require additional tenant improvement costs and disrupt services. We recommend the proposed facility as the most suitable to meet the County's space requirements.

Enclosure C shows County-owned or leased facilities within the surveyed area, and there are no suitable County-owned or leased facilities available for this space requirement.

The Department of Public Works did not inspect this facility; however, the Landlord seismically retrofitted the subject property in 2001 and DHS utilized \$6.7 million in its recent renovations for unsheltered homeless clients.

County Counsel has reviewed the proposed assignment of the proposed lease and sublease agreement and the proposed amendment and have approved them as to form. The proposed lease is authorized by Government Code section 25351, which allows the County to enter into leases and agreements for the leasing of buildings as are necessary to carry out the work of the county government.

The proposed lease will continue to provide an appropriate location for the DHS programs, which is consistent with the County's Facility Location Policy, adopted by the Board on July 24, 2012, as outlined in Enclosure D.

ENVIRONMENTAL DOCUMENTATION

This project is exempt from CEQA, as specified in Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by the Board, and section 15301 of the State CEQA Guidelines (Existing Facilities). The proposed lease, which involves the leasing of existing space with minor tenant improvements within an existing building, with no expansion of the existing building, is within a class of projects that have been determined not to have a significant effect on the environment and meets the criteria set forth in section 15301 of the State CEQA Guidelines (Guidelines), and Class 1 of the County's Environmental Document Reporting Procedures and Guidelines, Appendix G. In addition, based on the proposed project records, it will comply with all applicable regulations, and there are no cumulative impacts, unusual circumstances, damage to scenic highways, listing on hazardous waste site lists compiled pursuant to Government Code section 65962.5, or indications that it may cause a substantial adverse change in the significance of a historical resource that would make the exemption inapplicable.

Upon the Board's approval of the recommended actions, a Notice of Exemption will be filed with the Registrar-Recorder/County Clerk in accordance with section 21152 of the California Public Resources Code.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Assuming the proposed lease and sublease, executing the amendment and exercising the options to extend will continue to adequately provide the necessary interim housing and parking for this County requirement. DHS concurs with the assumption and extension of the proposed lease and sublease and execution of the amendment and recommendations.

The Honorable Board of Supervisors
May 3, 2022
Page 7

CONCLUSION

It is requested that the Executive Office of the Board of Supervisors, return one certified copy of the Minute Order and an adopted stamped copy of this Board letter to the CEO, Real Estate Division at 320 West Temple Street, 7th Floor, Los Angeles, CA 90012, for further processing.

Respectfully submitted,

FESIA A. DAVENPORT
Chief Executive Officer

FAD:JMN:JTC
JLC:MN:AD:NH:gw
Enclosures

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

**DEPARTMENT OF HEALTH SERVICES
1426 PALOMA STREET, LOS ANGELES
Asset Management Principles Compliance Form¹**

1.	<u>Occupancy</u>		Yes	No	N/A
A	Does lease consolidate administrative functions? ²				X
B	Does lease co-locate with other functions to better serve clients? ²				X
C	Does this lease centralize business support functions? ²				X
D	Does this lease meet the guideline of 200 sq. ft of space per person? ² Yes, this interim housing facility can accommodate up to 119 beds for the unsheltered homeless population or about 150 sq. ft. of space per person.				X
E	Does lease meet the 4/1000 sq. ft. parking ratio guideline? ² No, there are six on-site parking spaces.			X	
F	Does public parking and mass-transit exist to facilitate employee, client and visitor access to the proposed lease location? ²		X		
2.	<u>Capital</u>				
A	Is it a substantial net County cost (NCC) program? No, 100 percent funded by Measure H funding sources.			X	
B	Is this a long-term County program?		X		
C	If yes to 2 A or B; is it a capital lease or an operating lease with an option to buy?			X	
D	If no, are there any suitable County-owned facilities available?			X	
E	If yes, why is lease being recommended over occupancy in County-owned space?				X
F	Is Building Description Report attached as Enclosure C?		X		
G	Was build-to-suit or capital project considered? ²			X	
3.	<u>Portfolio Management</u>				
A	Did department utilize CEO Space Request Evaluation (SRE)?		X		
B	Was the space need justified?		X		
C	If a renewal lease, was co-location with other County departments considered?				X
D	Why was this program not co-located with other County departments?			X	
	1. <u>X</u> The program clientele requires a "stand alone" facility.				
	2. <u> </u> No suitable County occupied properties in project area.				
	3. <u>X</u> No County-owned facilities available for the project.				
	4. <u> </u> Could not get City clearance or approval.				
	5. <u> </u> The Program is being co-located.				
E	Is lease a full-service lease? ² HAL as operator pays all utilities and janitorial.			X	
F	Has growth projection been considered in space request?				X
G	¹ Has the Dept. of Public Works completed seismic review/approval? Landlord seismically retrofitted the subject property in 2001.			X	
¹ As approved by the Board of Supervisors 11/17/98					
² If not, why not?					

OVERVIEW OF THE PROPOSED BUDGETED LEASE AND RELATED COSTS

Department of Health Services
1426 Paloma Street, Los Angeles

Basic Lease Assumptions								
Leased Area (sq.ft.)	17,917							
Number of Beds	119							
Term (months)	84							
Rent Adjustment ¹	5.00%							
Base Rent	Cost Per Bed Per Day	Per RSF Per Month (\$)	Per RSF Per Year (\$)					
	\$9.67	\$1.95	\$23.44					
	4 th Year	5 th Year	6 th Year	7 th Year	8 th Year	9 th Year	10 th Year	Total 7 Year Rental Costs
Annual Base Rent Costs ¹	420,000	420,000	420,000	441,000	441,000	441,000	441,000	3,024,000
Utilities ²	0	0	0	0	0	0	0	0
Total Annual Lease Costs	420,000	420,000	420,000	441,000	441,000	441,000	441,000	3,024,000
Footnotes								
¹ Upon assignment and assumption of the Lease, a scheduled 5% increase will take place in year 7 (as opposed to year 4, which was waived per First Amendment).								
² Sublessee (Home at Last) pays for utilities that serve premises								
*Calculation note: All numbers are rounded up to ensure sufficient funds available to pay the specified expense.								

DEPARTMENT OF HEALTH SERVICES
SPACE SEARCH – 3 MILE RADIUS FROM
1426 PALOMA STREET, LOS ANGELES

LACO	Name	Address	Ownership Type	Gross Sq. Ft.	Vacant
B446	DHS – Skid Row Clinic	512 S San Pedro St Los Angeles 90013	Leased	20,628	0
B913	DHS – Weingart Healthcare and Drug Rehab Center	511 E 6 th St Los Angeles 90021	Leased	10,408	0
A529	DMH – Skid Row Management Team	420 S San Pedro St 90013	Leased	22,509	0
B915	DHS – Star Skid Row Office	238 & 242 E 6 th St 90014	Leased	1,882	0

FACILITY LOCATION POLICY ANALYSIS

Proposed lease: Seven-year lease and sublease for the Department of Health Services – 1426 Paloma Street, Los Angeles – First District.

- A. Establish Service Function Category** – Regional and local public service function.
- B. Determination of the Service Area** – The proposed lease and sublease will provide a continuation of interim housing services within the Skid Row area of Downtown Los Angeles.

C. Apply Location Selection Criteria to Service Area Data

- Need for proximity to service area and population: Continuing need for the existing operation of interim housing currently in operation in the SPA region 4 of the County.
- Need for proximity to existing County facilities: N/A
- Need for proximity to Los Angeles Civic Center: N/A
- Economic Development Potential: N/A
- Proximity to public transportation: The location is adequately served by local transit services and is in close proximity to bus connections and the 10 freeway.
- Availability of affordable housing for County employees: N/A.
- Use of historic buildings: N/A
- Availability and compatibility of existing buildings: There are no alternative existing County buildings available to meet the Department's needs.
- Compatibility with local land use plans: The City has been notified of the proposed County use which is consistent with its Emergency Shelter Ordinance for interim housing space at this location.
- Estimated acquisition/construction and ongoing operational costs: The estimated maximum first year base rental cost is \$420,000 inclusive of parking costs. The estimated total lease cost is \$3,024,000 over the seven-year term. The rental costs will be funded 100 percent by Measure H funding sources.

D. Analyze results and identify location alternatives

The CEO conducted a market search of available interim housing facilities for lease but was unable to identify any sites that could accommodate this requirement more economically. Based upon a review of available industry data, it has been established that the annual rental range for a comparable lease in the area is between \$6.84 per bed, per day to \$24.91 per bed, per day. The base annual rental rate of \$9.67 per bed, per day for the proposed lease represents a rate that is on the low end of the market range for the area. Further, relocation to a new building would require additional tenant improvement costs and disrupt services. We recommend the proposed facility as the most suitable to meet the County's space requirements.

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

The proposed lease will provide adequate and efficient interim housing space for 119 beds consistent with the County's Facility Location Policy, adopted by the Board on July 24, 2012. There are no available buildings in the area that meet the Department's requirements because the use is not consistent with the market.

ASSIGNMENT AND ASSUMPTION OF LEASES

This **ASSIGNMENT AND ASSUMPTION OF LEASES** (this "**Assignment**"), entered into as of this ___ day of _____, 2022, is made by and between the City of Los Angeles, a municipal corporation, acting by and through its Department of General Services ("**Assignor**"), and the County of Los Angeles, a body corporate and politic ("**Assignee**").

RECITALS

A. Assignor, as tenant, and B.F.P.Z., LLC ("**Master Landlord**"), as landlord, are parties to that certain Lease, dated as of May 20, 2019, a copy of which is attached hereto as Exhibit A and incorporated herein by this reference (the "**Master Lease**"), regarding portions of that certain real property located at 1420-1426 Paloma Street, in the City of Los Angeles, County of Los Angeles, State of California ("**Leased Property**");

B. Assignor, as sublandlord, and Home at Last Community Development Corporation ("**Subtenant**"), as subtenant, are parties to that certain Sublease, dated as of May 20, 2019, a copy of which is attached hereto as Exhibit B and incorporated herein by this reference ("**Sublease**", together with the Master lease, the "**Leases**"), regarding the Leased Property;

C. The Master Lease allows Assignor to assign the Master Lease to Assignee without further consent from Master Landlord, and the Sublease allows Assignor to assign the Sublease to Assignee without consent from Subtenant; and

D. Assignor desires to assign to Assignee all of Assignor's rights, title, and interests in and under the Leases, and Assignee desires to assume from Assignor the rights and obligations of Assignor under the Leases, subject to all of the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing recitals, the representations, warranties, and covenants contained in this Assignment and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Assignor and Assignee hereby agree as follows:

AGREEMENTS

1. Incorporation of Recitals. The foregoing recitals are true and correct and are incorporated herein by this reference.

2. Capitalized Terms. Unless otherwise stated herein, all capitalized terms used in this Assignment shall have the meanings ascribed to them in their respective Leases.

3. Assignment and Assumption of Lease. As of May 20, 2022 (the "**Effective Date**"): (a) Assignor assigns, sets over and transfers to Assignee all of Assignor's right, title and interest in, to and under the Leases; and (b) Assignee accepts the foregoing assignment of the Leases and assumes and shall pay, perform and discharge all of the agreements and obligations of Assignor under the Leases arising from and after the Effective Date, to the same extent as if the Assignee were named as the "Tenant" under the Master Lease and the "Landlord" under the Sublease.

4. Security Deposit. Assignee acknowledges that the Master Lease requires Assignee to deposit the Security Deposit within twelve (12) business days after the Effective Date, as more particularly set forth in Section 6.3 of the Master Lease.

5. Indemnity.

(a) Indemnification by Assignor. Assignor agrees to defend, indemnify and hold harmless Assignee from and against any and all liability, claims, damages, expenses (including cost of litigation and reasonable attorneys' fees), judgments, proceedings and causes of action of any kind ("**Claims**") pertaining to the obligations under the Leases first arising or accruing from acts or omissions of Assignor occurring prior to the Effective Date; and

(b) Indemnification by Assignee. Assignee agrees to defend, indemnify and hold harmless Assignor from and against any and all Claims pertaining to the obligations under the Leases first arising or accruing from acts or omissions of Assignee occurring from and after the Effective Date.

6. Representations and Warranties of Assignor. Based on Assignor's knowledge, Assignor hereby makes the following representations and warranties to Assignee as of the Effective Date, all of which shall survive the consummation of the assignment of the Leases:

(a) True, correct, and complete copies of the Leases are attached hereto as Exhibit A and Exhibit B. There are no other modifications, amendments, supplements, arrangements, or understandings, oral or written of any sort, modifying, amending, altering, supplementing or changing the terms of the Leases, other than set for in this Assignment or any Subordination Non-disturbance Agreement associated with either of the Leases.

(b) Assignor is the sole tenant under the Master Lease and has not transferred, conveyed, assigned, mortgaged or otherwise encumbered any of its right, title or interest in, to or under the Master Lease. Assignor is the sole landlord under the Sublease and has not transferred, conveyed, assigned, mortgaged or otherwise encumbered any of its right, title or interest in, to or under the Sublease.

(c) Assignor has not breached or defaulted upon Assignor's obligations under the Leases and no fact or circumstance presently exists which, with the giving of notice or the lapse of an applicable cure period, or both, would constitute a breach or default by Assignor under the Leases. At no time prior to the Effective Date has Master Landlord delivered to Assignor, or has Assignor delivered to Master Landlord, a notice of a breach or default under the Master Lease or notice of the existence of a fact or circumstance which, with the giving of notice or the lapse of an applicable cure period, or both, would constitute a breach or default by either Master Landlord or Assignor under the Master Lease. At no time prior to the Effective Date has Master Landlord given Assignor any notice for the purpose of terminating the Master Lease. At no time prior to the Effective Date has Subtenant delivered to Assignor, or has Assignor delivered to Subtenant, a notice of a breach or default under the Sublease or notice of the existence of a fact or circumstance which, with the giving of notice or the lapse of an applicable cure period, or both, would constitute a breach or default by either Subtenant or Assignor under the Sublease. At no time prior to the Effective Date has Subtenant given Assignor any notice for the purpose of terminating the Sublease. To the extent the representations and warranties contained in this subsection (c) are inconsistent with Assignee's knowledge, Assignee shall not rely on such representations and warranties.

(d) Assignor has the full right and authority to enter into this Assignment and to consummate the transaction contemplated by this Assignment.

(e) This Assignment, and all instruments, documents and agreements to be executed by Assignor in connection herewith, are, or when delivered shall be, duly authorized, executed and delivered by Assignor and are, or when delivered shall be, valid, binding and enforceable obligations of Assignor.

(f) No consent or approval or other authorization of any person or entity and no waiver of any right by any person or entity is required to authorize or permit, or is otherwise required as a condition of the execution and delivery and performance of, this Assignment by Assignor, except as has already been obtained.

7. Representations and Warranties of Assignee. Based on Assignee's knowledge, Assignee hereby makes the following representations and warranties to Assignor as of the Effective Date, all of which shall survive the consummation of the assignment of the Lease:

(a) Assignee has the full right and authority to enter into this Assignment and to consummate the transaction contemplated by this Assignment.

(b) This Assignment and all instruments, documents and agreements to be executed by Assignee in connection herewith are, or when delivered shall be, duly authorized, executed and delivered by Assignee and are, or when delivered shall be, valid, binding and enforceable obligations of Assignee.

(c) No consent or approval or other authorization of any person or entity and no waiver of any right by any person or entity is required to authorize or permit, or is otherwise required as a condition of the execution and delivery and performance of, this Assignment by Assignee, except as has already been obtained.

8. Brokers. Assignor and Assignee acknowledge that each of them has not retained a real estate broker in connection with the making of this Assignment. Each of Assignor and Assignee represents to the other that it has dealt directly with and only with the other party in connection with this Assignment. Each of Assignee and Assignor shall indemnify and hold the other harmless from all claims of any brokers claiming to have represented the indemnifying party in connection with this Assignment.

9. Survival of Terms. The representations, warranties and indemnities set forth herein shall survive the execution and delivery of this Assignment.

10. Binding Agreement. This Assignment constitutes the entire agreement between the parties hereto with respect to the transaction contemplated herein, and supersedes all prior understandings or agreements between the parties relative to such assignment. Each signatory of this Assignment represents that he or she has the authority to execute and deliver the same on behalf of the party hereto for which such signatory is acting.

11. Modifications. This Assignment cannot be changed orally, and no agreement shall be effective to waive, change, modify or discharge it in whole or in part unless such agreement is in writing and is signed by Assignor and Assignee.

12. Applicable Law. This Assignment shall be governed by and construed in accordance with the laws of the State California.

13. Execution and Counterparts. This Assignment and any other document necessary for the consummation of the transaction contemplated by this Assignment may be executed in counterparts, including both counterparts that are executed on paper and counterparts that are in the form of electronic records and are executed electronically. An electronic signature means any electronic sound, symbol or process attached to or logically associated with a record and executed and adopted by a party with the intent to sign such record, including facsimile or e-mail electronic signatures. All executed counterparts shall constitute one Assignment, and each counterpart shall be deemed an original. The parties hereby acknowledge and agree that electronic records and electronic signatures, as well as facsimile signatures, may be used in connection with the execution of this Assignment and electronic signatures, facsimile signatures or signatures transmitted by electronic mail in so-called pdf format shall be legal and binding and shall have the same full force and effect as if a paper original of this Assignment had been delivered and had been signed using a handwritten signature. Assignor and Assignee (i) agree that an electronic signature, whether digital or encrypted, of a party to this Assignment is intended to authenticate this writing and to have the same force and effect as a manual signature, (ii) intended to be bound by the signatures (whether original, faxed or electronic) on any document sent or delivered by facsimile or, electronic mail, or other electronic means, (iii) are aware that the other party will rely on such signatures, and (iv) hereby waive any defenses to the enforcement of the terms of this Assignment based on the foregoing forms of signature. If this Assignment has been executed by electronic signature, all parties executing this document are expressly consenting under the United States Federal Electronic Signatures in Global and National Commerce Act of 2000 ("**E-SIGN**") and California Uniform Electronic Transactions Act ("**UETA**") (Cal. Civ. Code § 1633.1, et seq.), that a signature by fax, email or other electronic means shall constitute an Electronic Signature to an Electronic Record under both E-SIGN and UETA with respect to this specific transaction.

14. Notices. All notices and correspondence herein provided to be given, or which may be given by either party to the other, shall be deemed to have been fully given when made in writing and either: (a) deposited in the United States Mail, certified and postage prepaid; or (b) sent via an alternate commercial overnight delivery service (i.e. FedEx or similar) with receiver's signature required; and addressed as follows:

To the Assignor:

City of Los Angeles
c/o Department of General Services
Asset Management Division
Suite 201, City Hall South
111 East First Street
Los Angeles, CA 90012

To the Assignee:

County of Los Angeles
c/o Chief Executive Office - Real Estate Division
320 West Temple Street, 7th Floor
Los Angeles, CA 90012

ALL NOTICES AND CORRESPONDENCE MUST REFERENCE COUNTY AND
PREMISES ADDRESS

Any party shall have the right from time to time to change their respective address for Notice by providing the other with ten (10) days' prior written notice in the manner set forth above.

15. Severability. Wherever possible, each provision of this Assignment shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Assignment shall be prohibited by or invalid under applicable laws, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Assignment.

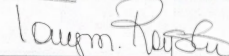
16. Further Assurances. Each party agrees that it will execute and deliver such other documents and take such other action, whether prior or subsequent to the Effective Date, as may be reasonably requested by the other party to consummate the transaction contemplated by this Assignment.

[Signature Page(s) Immediately Follow]

IN WITNESS WHEREOF, the parties have executed this Assignment as of the date and year first written above.

ASSIGNOR:

CITY OF LOS ANGELES,
a municipal corporation,
acting by and through its
Department of General Services

By: 
Name: Tony M. Royster
Title: 3-10-2022

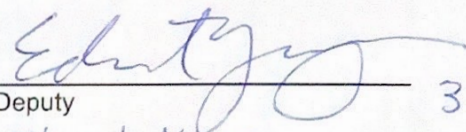
ATTEST:

HOLLY L. WOLCOTT
City Clerk

By:   3/24/2022
Deputy Lashavon Frederick

APPROVED AS TO FORM:

MICHAEL N. FEUER
City Attorney

By:  3-9-2022
Deputy Edward Young

ASSIGNEE:

COUNTY OF LOS ANGELES,
a body corporate and politic

FESIA A. DAVENPORT
Chief Executive Officer

By: _____
John T. Cooke Jr.
Assistant Chief Executive Officer
Asset Management Branch

ATTEST:

DEAN C. LOGAN
Registrar-Recorder/County Clerk

By: _____
Deputy

APPROVED AS TO FORM:

RODRIGO A. CASTRO-SILVA
County Counsel

By: _____
Deputy

Exhibit A
Master Lease
[attached]

**LEASE
BETWEEN
CITY OF LOS ANGELES
AND
B.F.P.Z., LLC**

LEASE SUMMARY

For information purposes only - not part of lease

CONTRACT NO.:

CF NO.: 15-1138-S37/19-0106

CityLaw File No.: A19-02659

Council Approval Date: 4-16-19

EBO STATUS:

CAO Date:

LWO STATUS:

CAO Date:

SDO STATUS:

SDO Affidavit Receipt Date: _____

CRO STATUS:

CRO questionnaire Receipt Date: _____

EEO STATUS:

EEO/AA Certification Receipt Date: _____

ADDRESS:

1426 Paloma Street, Los Angeles, California 90021

SQ. FEET:

Approximately 17,917 rentable square feet of space within an existing warehouse (approximately half of the warehouse)

LANDLORD:

B.F.P.Z., LLC

TENANT:

City of Los Angeles

USE:

Interim housing/shelter for the homeless

INITIAL TERM:

Scheduled to expire in three (3) years

OPTION:

One (1) option for an additional term of seven (7) years

BASE RENT:

\$35,000 per month; no rent escalation during the entire initial three-year term; no rent escalation during the entire seven-year option term (if exercised by tenant) except for: (i) an one-time escalation of 5% at the beginning of the fourth year (out of the total of ten years) and (ii) an one-time escalation of 5% at the beginning of the seventh year (out of the total of ten years)

COMMENCEMENT

OF RENT:

Base Rent shall commence upon execution of the lease

PASS-THROUGH RENT:	None; Landlord shall pay for all property taxes and insurance; Tenant shall not be obligated to pay for any common area expenses
TI BUILDOUT:	Tenant shall be permitted to build out the Premises as a homeless shelter, whether by itself or through a subtenant; Landlord shall contribute \$30,000 to such buildout
UTILITIES:	Tenant shall pay for utilities that service the Premises only
CUSTODIAL:	Tenant shall provide its own custodial services for the Premises
MAINTENANCE:	Landlord shall be obligated to maintain the Building and all Building systems; Tenant shall be responsible for day-to-day maintenance within the Premises; as more particularly described in the lease
DEPOSIT:	Tenant shall pay a security deposit equal to one month's rent (i.e., \$35,000)
PARKING:	Tenant shall have the sole right to use, at no additional cost, 6 on-site reserved parking spaces within the Premises, of which at least 2 parking spaces shall be accessible to disabled individuals and in compliance with ADA

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EXHIBIT A-1:	PROPERTY
EXHIBIT A-2:	PREMISES
EXHIBIT B:	TENANT IMPROVEMENTS PLAN
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**LEASE
BETWEEN
CITY OF LOS ANGELES
AND
B.F.P.Z., LLC**

ARTICLE 1 BASIC PROVISIONS

1.1 Date and Parties. This Lease ("Lease") is dated, for reference purposes only, as of 5-20, 2019, and is entered into by and between B.F.P.Z., LLC, as landlord hereunder ("Landlord"), and CITY OF LOS ANGELES, as tenant hereunder ("Tenant" or "City"), upon the provisions and conditions contained in this Lease. Tenant is a municipal corporation, organized under the laws of the State of California, acting by and through its Department of General Services, Asset Management Division, located at Suite 201, City Hall South, 111 East First Street, Los Angeles, CA 90012. Landlord is a California limited liability company, with its principal office at the address set forth in Section 2.2 below.

1.2 Capacity of Tenant. Except where clearly and expressly provided otherwise in this Lease, the capacity of City in this Lease shall be as a tenant only, and any obligations or restrictions imposed by this Lease on City shall be limited to that capacity and shall not relate to or otherwise affect any activity of the City in its governmental capacity, including, but not limited to, enacting laws, inspecting structures, reviewing and issuing permits, and all other legislative, administrative, or enforcement functions of the City pursuant to federal, state, or local law.

1.3 Execution Date. The term "Execution Date" shall mean the date the Office of the City Clerk of Los Angeles attests this Lease, except in the event that Landlord executes this Lease after such attestation, in which case the date of such execution by Landlord shall be the Execution Date. This Lease shall take effect upon the Execution Date.

ARTICLE 2 NOTICES

2.1 Notices. All notices and demands which may or are required or permitted to be given by either party to the other hereunder shall be in writing. All notices and demands shall be personally delivered (including by means of professional messenger service), sent by United States registered or certified mail, postage prepaid, return receipt requested, or transmitted by telecopier (e.g., Fax), followed by hard copy sent by United States regular mail, in which case the receiving party shall immediately confirm receipt of such telecopied notice. All notices are effective upon receipt. The contract number of this Lease (i.e., # _____) shall be included in all notices. For the purposes of such notices, the addresses for the parties are set forth in Section 2.2 below. Either party may from time to time designate another person or place in a notice.

2.2 Notices - Where Sent. All notices given under this Lease that are mailed or telecopied shall be addressed to the respective parties as follows:

<p>If to Tenant:</p> <p>City of Los Angeles c/o Department of General Services Asset Management Division Suite 201, City Hall South 111 East First Street Los Angeles, CA 90012 Fax: (213) 922-8511</p>	<p><i>With a copy to:</i></p> <p>Office of the City Attorney Real Property/Environment Division 700 City Hall East 200 North Main Street Los Angeles, CA 90012 Fax: (213) 978-8090</p>
<p>If to Landlord:</p> <p>B.F.P.Z., LLC 1174 Roberto Lane Los Angeles, CA 90077 ATTN: MOIZ KABOUD</p>	

ARTICLE 3 USE

3.1 Use. Tenant, and its assignees, sublessees, or transferees, may use the Premises (as defined below) for: (i) interim housing/shelter for the homeless with approximately 120 beds, along with its ancillary uses, including without limitation the provision of services to the residents of such interim housing/shelter, and/or (ii) general warehouse purposes that are consistent with the character of the Building (defined below). Landlord agrees that, to the extent Tenant uses the Premises as permitted under this Lease, Tenant shall have no responsibility or liability for any impact Tenant's use may have on Landlord's ability to lease, sell, or finance the Property.

ARTICLE 4 PREMISES

4.1 Ownership and Authority. Landlord hereby represents and warrants that Landlord: (i) is the sole fee simple owner of that certain real property (including all improvements thereon, collectively referred to herein as the "Property") located at 1420-1426 Paloma Street, Los Angeles, California 90021, as depicted on **Exhibit A-1**, and (ii) is legally authorized (and has obtained all necessary consents, if any, from third parties such as consents from lienholders, if applicable) to enter into this Lease.

4.2 Lease of Premises. Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, that certain space, which is approximately 17,917 rentable square feet, within a portion of an existing warehouse building ("Building"), together with certain adjacent parking and loading areas, located on the Property. The "Premises", collectively defined to include both the above-referenced warehouse space and the above-referenced parking and loading areas, is depicted on **Exhibit A-2**. The parties hereby stipulate to the rentable square footage of the Premises, and the same shall not be subject to remeasurement or modification.

ARTICLE 5 TERM

5.1 Term.

5.1.1 **Initial Term.** The "Term" of this Lease shall be three (3) years, which commences on the Lease Commencement Date (as defined below) and is scheduled to expire at 11:59 p.m. on the Lease Termination Date (as defined below), subject to the Extension Option (as defined below) and early termination as provided in this Lease.

5.1.2 **Extension Option.** Tenant shall have one (1) option to extend the Term for an additional seven (7) year period ("Extension Option") upon the same lease provisions and conditions. The Extension Option shall extend the Term if Tenant, at its sole and absolute discretion, exercises the Extension Option by providing Landlord written notice of Tenant's election to exercise the Extension Option, which notice shall be sent to Landlord no less than thirty (30) months after the Execution Date.

5.2 Lease Dates.

5.2.1 **Lease Commencement Date.** The "Lease Commencement Date" shall be the Execution Date.

5.2.2 **Lease Termination Date.** The "Lease Termination Date" shall be the day immediately prior to the third anniversary of the Lease Commencement Date.

5.2.3 **Lease Year.** For purposes of Article 7, the first "Lease Year" shall begin on the Lease Commencement Date, and end on the day immediately prior to the first anniversary of the Lease Commencement Date. Each "Lease Year" thereafter shall be the succeeding twelve (12) calendar month period.

5.3 **Holdover.** If Tenant holds over after the expiration of the Term with or without the express written consent of Landlord, such tenancy shall be from month-to-month only, and shall not constitute a renewal hereof or an extension for any further term. Such month-to-month tenancy shall be subject to every applicable term, covenant and agreement contained herein, and Base Rent during such month-to-month tenancy shall be at the same rental rate as the Base Rent applicable during the last rental period of the Term.

5.4 **Surrender of Premises.** Upon expiration or termination of the Term, Tenant shall quit and surrender possession of the Premises to Landlord in substantially the same order and condition as when Tenant took possession and as thereafter improved by or with the consent of Landlord (including the "Tenant Improvements" and "Alterations", which terms are defined below), except for: (i) reasonable wear and tear; (ii) casualty suffered by the Premises (or applicable portion(s) thereof); (iii) Landlord's repair obligations hereunder; and (iv) Tenant's removal obligations set forth in this Lease. The voluntary or other surrender of this Lease by Tenant, or a mutual cancellation thereof, shall not work a merger, and shall, at the option of Landlord, operate as an assignment to it of any or all subleases or subtenancies. No act or thing done by Landlord or any agent or employee of Landlord during the Term shall be deemed to constitute an acceptance by Landlord of a surrender of the Premises unless such intent is specifically acknowledged in a writing signed by Landlord. The delivery of keys to the Premises

to Landlord or any agent or employee of Landlord shall not constitute a surrender of the Premises or effect a termination of this Lease, whether or not the keys are thereafter retained by Landlord, and notwithstanding such delivery, Tenant shall be entitled to the return of such keys at any reasonable time upon request until this Lease shall have been properly terminated.

5.5 Condition of Surrendered Premises. Upon the expiration or termination of the Term, Tenant shall peaceably surrender the Premises and all alterations and additions thereto, broom-clean, in good order, repair and condition, reasonable wear and tear excepted, and shall comply with the provisions of Article 12 hereof. Upon such expiration or termination, Tenant shall, without expense to Landlord, remove or cause to be removed from the Premises all debris and rubbish, and such items of furniture, equipment, freestanding cabinet work, and other articles of personal property owned by Tenant (but Tenant shall have no obligation to remove any Tenant Improvements and Alterations that may be installed with the consent of Landlord), and Tenant shall repair at its own expense all damage to the Premises resulting from such removal.

ARTICLE 6 RENT

6.1 Rent Obligations. Tenant shall pay Landlord all of those "Rents" (collectively defined to include Base Rent and Additional Rent) set forth below, when due, without notice or demand, and without any abatement, deduction, or setoff, except as specifically permitted by this Lease. Tenant shall pay Rents in lawful money of the United States, to Landlord at the address to which notices to Landlord are given pursuant to Section 2.2, or at such other place as Landlord may from time to time designate in writing.

6.2 Base Rent.

6.2.1 Base Rent Amount. Commencing upon the Lease Commencement Date and throughout the Term (subject to the Extension Option), Tenant shall pay Landlord, in addition to any other Rents, as monthly base rent ("Base Rent") for the entire Premises, the amount of \$35,000.00, subject to adjustment set forth below in Article 7, without prior notice or demand, in advance on or before the first day of each calendar month, unless otherwise specified herein. With respect to any partial month in the Term, the monthly Base Rent for such partial month shall be appropriately prorated by multiplying the monthly Base Rent by a fraction, the numerator of which is the number of days of the partial month included in the Term and the denominator of which is the total number of days in the applicable full calendar month.

6.2.2 Initial Payment. Landlord acknowledges that Tenant requires sufficient time to set up an internal accounting process for the payment of Rent. Accordingly, notwithstanding anything herein to the contrary, no payment of Rent shall be due until twelve (12) business days after the Execution Date.

6.2.3 Scope of Base Rent. Unless otherwise specified in this Lease, Landlord shall be solely responsible for all costs, fees, and expenses associated with the management, maintenance, operation, ownership, and capital improvement of the Premises, the Building, and the Property, including without limitation: (i) all premiums, fees, costs, and other charges incurred by Landlord with respect to insuring the Property;

(ii) all property tax and assessment form of assessment, business or license fee or tax, commercial rental tax, levy, charge, excise, tax or similar imposition or substitution for any of the foregoing (hereinafter, collectively; "Tax"), imposed by any authority having the direct power to Tax, including any city, county, state or federal government, or any school, agricultural, lighting, drainage or other improvement or special assessment district thereof, or any other special assessment, as against any legal or equitable interest of Landlord in the Property; (iii) costs associated with common areas within the Property, including without limitation any shared driveway portion of any parking lot within the Property; and (iv) all costs associated with the maintenance, operations, and repairs of the Base Building (defined below) and Building Systems (defined below). The following costs and expenses are not included in the Base Rent and shall be Tenant's responsibility: (i) costs of utilities (water, gas, and electricity) for the Premises, to the extent that such utilities service only the Premises and not any other portion of the Property; (ii) cost of day-to-day maintenance of the Premises, as specified in Section 11.2.1 below; (iii) cost of providing Tenant's own custodial services for the Premises; (iv) costs of the Tenant Improvements; and (v) costs of the Alterations, if any.

6.3 Security Deposit. Concurrently with the payment of the first Base Rent (the due date for which is set forth in Section 6.2.2 above), Tenant shall deposit with Landlord a security deposit ("Security Deposit") in the amount of \$35,000.00. The Security Deposit is made by Tenant to secure the faithful performance of all the terms, covenants and conditions of this Lease to be performed by Tenant. If an Event of Default (defined below) occurs, then Landlord may use, apply or retain all or any portion of the Security Deposit to cure such Event of Default or to compensate Landlord for any loss or damage which Landlord may suffer thereby. If Landlord so uses or applies all or any portion of the Security Deposit, then Tenant shall immediately upon written demand deposit cash with Landlord in an amount sufficient to restore the Security Deposit to the full amount hereinabove stated. Landlord shall not be required to keep the Security Deposit separate from its general accounts and Tenant shall not be entitled to interest on the Security Deposit. Tenant expressly agrees to waive the protections afforded under California Civil Code Section 1950.7, thus allowing Landlord to apply the Security Deposit towards future rents owing in the case of Tenant's Event of Default. Upon termination of this Lease or vacancy of the Premises, Landlord reserves the right to utilize a reasonable portion of the Security Deposit to cover cleaning expenses and changing of the locks. Within thirty (30) calendar days after the expiration of the Term and the vacation of the Premises by Tenant, the Security Deposit, or such part as has not been applied to cure the default, shall be returned to Tenant. Landlord may transfer the Security Deposit, or that portion remaining after any deduction, to Landlord's successor-in-interest and shall upon such transfer be discharged from any further liability with respect to such Security Deposit. In the event that this Lease is assigned by Tenant to a third party in accordance with, or as expressly permitted by, Article 15 below, the Security Deposit shall be immediately returned to the original Tenant, and a replacement Security Deposit (in the same amount) shall be deposited by the new Tenant within twelve (12) business days of such assignment.

6.4 Additional Rent. All charges and payments other than Base Rent to be paid by Tenant hereunder, if any, shall be considered additional rent ("Additional Rent") for the purposes of this Lease. Unless otherwise specified, Additional Rent shall be due and payable within thirty

(30) business days of receipt by Tenant of a notice from Landlord enclosing an itemized invoice for such Additional Rent.

6.5 Partial Payment. No payment by Tenant, or receipt or acceptance by Landlord, of a lesser amount than the correct Rents due shall be deemed to be other than a payment on account, nor shall any endorsement or statement on any check or any letter accompanying any check or payment be deemed an accord and satisfaction. Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance, treat such partial payment as a default or pursue any other remedy provided in this Lease or at law. Tenant may submit such check or payment without prejudice to its right to question, challenge or recover such payment.

6.6 Late Charge. Tenant acknowledges that the late payment of Rents will cause Landlord to incur damages, including administrative costs, loss of use of the overdue funds and other costs, the exact amount of which would be impractical and extremely difficult to ascertain. Landlord and Tenant agree that if Landlord does not receive a payment of Rents when such payment is due, then Landlord may send a written notice ("Late Payment Notice") to Tenant, advising Tenant that: (i) such payment has not been received by Landlord and (ii) Tenant's failure to make such payment within twelve (12) business days after Tenant's receipt of such notice shall trigger a late charge to be calculated pursuant to this Section 6.6. If such payment remains unpaid after the twelfth (12th) business day after Tenant has received such Late Payment Notice from Landlord, then Tenant shall pay to Landlord, as Additional Rent, a late charge computed at the rate of three (3) percent (3%) of the overdue amount. The late charge shall be deemed Additional Rent and the right to require it shall be in addition to all of Landlord's other rights and remedies hereunder or at law.

6.7 Abatement of Rent When Tenant is Prevented from Using Premises. In the event that Tenant is prevented from using, and does not use, the Premises or any material portion thereof, as a result of (i) any damage or destruction to the Premises, or (ii) any repair, maintenance or alteration performed by Landlord and required by this Lease, which substantially interferes with Tenant's use of the Premises, or (iii) any failure to provide services or access to the Premises or (iv) because of an eminent domain proceeding or (v) because of the presence of Hazardous Materials in, on, or about the Building or the Premises (not placed thereon by Tenant or any party acting by or on behalf of Tenant) which could, in Tenant's prudent business judgment taking into account the standards, guidance and recommendations included in the definition of Laws and Orders with respect to Hazardous Materials) pose a health risk to occupants of the Premises (any such set of circumstances in subsections (i) through (iv) to be known as an "Abatement Event"), Tenant shall give Landlord notice of such Abatement Event (provided that in the event that Landlord has actual knowledge of the Abatement Event, Tenant shall be deemed to have delivered notice to Landlord as of the first business day following the date Landlord actually learns of such Abatement Event) and if (a) such Abatement Event continues for a total of two (2) consecutive calendar days following Tenant's notice, or (b) such Abatement Event occurs for a total of ten (10) non-consecutive calendar days in any twelve (12) month period (in either event, the "Eligibility Period"), then Tenant's Base Rent shall be abated or reduced, as the case may be, after expiration of the Eligibility Period for such time that Tenant continues to be so prevented from using, and does not use, the Premises or a material portion thereof, in the proportion that the rentable area of the portion of the Premises that Tenant is

prevented from using, and does not use, bears to the total rentable area of the Premises. However, in the event that Tenant is prevented from conducting, and does not conduct, its business in any portion of the Premises for a period of time in excess of the Eligibility Period, and the remaining portion of the Premises is not sufficient to allow Tenant to effectively and fully conduct its business therein, and if Tenant does not conduct its business from such remaining portion, then for such time after expiration of the Eligibility Period during which Tenant is so prevented from effectively conducting its business therein, the Base Rent for the entire Premises shall be abated until such time as the Premises are once again occupiable; provided, however, if Tenant reoccupies and conducts its business from any portion of the Premises during such period, the rent allocable to such reoccupied portion, based on the proportion that the rentable area of such reoccupied portion of the Premises bears to the total rentable area of the Premises, shall be payable by Tenant from the date such business operations commence. Except as provided in this Section 6.7, nothing contained herein shall be interpreted to mean that Tenant is otherwise excused from paying Rent due hereunder. If Tenant's right to abatement occurs because of an eminent domain taking and/or because of damage or destruction to the Premises or Tenant's property, Tenant's abatement period shall continue until Tenant has been given sufficient time, and sufficient access to the Premises, to rebuild the portion of the Premises it is required to rebuild, to install its property, furniture, fixtures, and equipment and to move in over a weekend. To the extent Tenant is entitled to abatement without regard to the Eligibility Period, because of an event covered by Article 20 and Article 24, then the Eligibility Period shall not be applicable. In the event Tenant, or Tenant's agents, employees, contractors, or invitees, are the principal cause of the damage or destruction or any other condition rendering the Premises, or a portion thereof, unusable, Tenant shall not be entitled to the abatement of rent provided by this section.

6.8 Personal Property Taxes. Tenant shall pay, or cause to be paid, before delinquency, any and all taxes levied or assessed and which become payable during the term hereof upon all Tenant's leasehold improvements, equipment, furniture, fixtures and personal property located in the Premises, or on the cost or value of any Tenant Improvements or Alterations made in or to the Premises by or for Tenant. Property owned by Tenant, as a governmental entity is exempt from state taxation under California Revenue and Taxation Code Section 202(a)(4) and Section 3(b) of Article XIII of the California Constitution. In the event any Tenant Improvements, equipment, furniture, fixtures and personal property owned by Tenant is assessed with the Property, Landlord shall immediately notify Tenant and Tenant shall take reasonable steps to cause such property to be separately assessed to Tenant.

ARTICLE 7 BASE RENT ADJUSTMENTS

7.1 Base Rent Increases. Base Rent shall remain the same throughout the initial three-year term. In the event that Tenant exercises the Extension Option, the Base Rent shall be adjusted as follows:

Lear Year	Escalation	Monthly Base Rent
Lease Year 1	none	\$35,000.00
Lease Year 2	none	\$35,000.00
Lease Year 3	none	\$35,000.00

Lease Year 4 *	5%	\$36,750.00
Lease Year 5 *	none	\$36,750.00
Lease Year 6 *	none	\$36,750.00
Lease Year 7 *	5%	\$38,587.50
Lease Year 8 *	none	\$38,587.50
Lease Year 9 *	none	\$38,587.50
Lease Year 10 *	none	\$38,587.50

* assuming the Extension Option is exercised by Tenant

ARTICLE 8 LEASEHOLD IMPROVEMENTS

8.1 Leasehold Improvements. Tenant (by itself or through its subtenant) shall be allowed to make initial improvements to the Premises in order to, among other things, convert the warehouse portion of the Premises into a homeless shelter with approximately 120 beds, together with an enclosed outdoor patio area adjacent to the warehouse ("Tenant Improvements"). It is currently anticipated that Tenant will immediately sublease the Premises to Home at Last Community Development Corporation, a California nonprofit public benefit corporation ("Subtenant"), on or about the Execution Date, and Subtenant will be responsible for constructing the Tenant Improvements. Tenant shall require Subtenant to obtain Landlord's approval of the plans for the Tenant Improvements, which Landlord approval shall not be unreasonably withheld, conditioned or delayed. Notwithstanding the foregoing, Landlord hereby consents to and approves the Tenant Improvements plans attached hereto as **Exhibit B**, and those portions of such plans that do not change hereafter shall not require further Landlord approval. Landlord hereby agrees to work in good faith and directly with Subtenant to implement the construction of the Tenant Improvements, including without limitation allowing such construction to be carried out from 7:00 a.m. to 5:00 p.m. daily, subject to applicable laws and regulations. To the extent Landlord consents to the construction of the Tenant Improvements, Tenant shall not have any obligation to remove the Tenant Improvements upon the expiration or termination of this Lease.

8.2 Leasehold Improvements Contribution. Landlord shall contribute \$30,000 to the Tenant Improvement buildout, and such contribution shall be paid by Landlord directly to Subtenant no later than twelve (12) business days after the Execution Date. Landlord hereby recognizes Subtenant as an intended third party beneficiary of Landlord's obligations under this Article 8.

ARTICLE 9 CONDITION OF PREMISES

9.1 General Condition. Landlord shall deliver the Premises to Tenant in a broom clean and safe condition. On the Execution Date, the Base Building (defined below) and the Building Systems (defined below) serving the Premises shall be in good working condition. In the event that Tenant notifies Landlord in writing within ninety (90) days of its determination that the Base Building and/or the Building Systems serving the Premises was/were not in good working condition as of the Execution Date, then it shall be the obligation of Landlord, after receipt of such written notice from Tenant setting forth with specificity the nature of the deficiency, to promptly, at Landlord's sole cost, rectify such deficiency.

9.2 Tenant's Acceptance of Premises. Except as otherwise provided in this Lease, Tenant hereby accepts the Premises in its condition existing as of the Execution Date, subject to all applicable zoning, municipal, county, state, and other governmental laws, ordinances and regulations governing and regulating the use of the Premises, and any easements, covenants or restrictions of record, and accepts this Lease subject thereto and to all matters disclosed thereby and by any exhibits attached hereto.

ARTICLE 10 COMPLIANCE WITH LAWS

10.1 Compliance with Laws. Landlord and Tenant, based on their respective obligations set forth in this Lease, shall continuously and without exception repair and maintain the Premises in an order and condition in compliance with all Laws and Orders. As used in this Lease, the defined term "Laws and Orders" includes all federal, state, county, Landlord, or government agency laws, statutes, ordinances, standards, rules, requirements, or orders now in force or hereafter enacted, promulgated, or issued, including, without limitation, government measures regulating or enforcing public access, occupational, health, or safety standards for employers, employees, landlords, or tenants. Tenant, at Tenant's sole expense, shall promptly make all repairs, replacements, alterations, or improvements to the Tenant Improvements and Alterations (defined below) within the Premises needed to comply with all Laws and Orders. Landlord, at Landlord's sole expense, shall promptly make all repairs, replacements, alterations, or improvements to the Property (other than the Tenant Improvements and Alterations), the Base Building, and the Building Systems needed to comply with all Laws and Orders. The "Base Building" shall include the structural components of the Building and the Building Systems, including without limitation, exterior walls, roof, foundation, and structural elements of interior walls. Where a party to this Lease is obligated to comply with Laws and Orders under the provisions of this Lease, should any standard or regulation now or hereafter be imposed expressly on Landlord and/or Tenant by a state, federal or local governmental body charged with the establishment, regulation and enforcement of occupational, health or safety standards for employers, employees, landlords or tenants, then such party agrees, at its sole cost and expense, to comply promptly with such standards or regulations.

10.2 Compliance with Americans with Disabilities Act. With respect to compliance with the Americans With Disabilities Act of 1990 (42 U.S.C. § 12101, et seq.) and any and all other applicable federal, state, and local laws (collectively "the ADA"), where modifications are required to be made to the Premises, the Building, or the Property to meet accessibility standards, Landlord and Tenant shall have the following responsibilities:

10.2.1 Landlord's Responsibilities. It is Landlord's responsibility to provide a Building and a Premises that are fully accessible to and usable by individuals with disabilities and otherwise in compliance with the ADA. Accordingly, except as provided in Section 10.2.3, below, Landlord shall be responsible, at its own cost, to make such modifications, additions, or changes as are required for compliance with the ADA, including, but not limited to:

10.2.1.1.1 The removal of architectural barriers on the
Property;

10.2.1.1.2 The provision of required auxiliary aids in and around the Property;

10.2.1.1.3 The modification of policies, practices, and procedures applicable to all tenants on the Property (when the modifications are necessary to afford goods, services, facilities, privileges, advantages, or accommodations to individuals with disabilities);

10.2.1.1.4 The maintenance in operable working condition of those features of facilities and equipment that are required to be readily accessible to and usable by individuals with disabilities; and

10.2.1.1.5 The assurance, otherwise, that the Premises are readily accessible to and usable by individuals with disabilities.

10.2.2 Specific Responsibilities of Landlord. In particular, but not by way of limitation, Landlord shall:

10.2.2.1.1 Provide a path of travel accessible to and useable by Tenant, Tenant's employees and visitors with disabilities within and throughout the Premises;

10.2.2.1.2 Assure that any Building alarm systems within the Premises include flashing alarm lights as well as auditory alarm mechanisms, which shall be maintained in working order during the Term;

10.2.2.1.3 Provide signage at all inaccessible public entrances to the Building, directing users to an accessible entrance or to a location where they can obtain information about accessible facilities. The international symbol for accessibility shall be used at each accessible entrance; and

10.2.2.1.4 Ensure that Tenant, Tenant's employees and visitors, including persons with impaired vision or hearing, can obtain information as to the existence and location of accessible portions of the Premises.

10.2.3 Tenant's Responsibilities. Tenant shall be responsible, at its own cost, to make such modifications, additions, or changes as are required for compliance with the ADA with respect to:

10.2.3.1.1 The Tenant Improvements;

10.2.3.1.2 The Alterations; and

10.2.3.1.3 Changes or modifications required to be made to Tenant's personal property or other equipment located in the Premises which is not owned or controlled by Landlord, including, but not limited to, the rearranging, raising, or lowering of tables, chairs, filing cabinets, vending machines, display racks, and other furniture.

10.2.4 Limitations on Section. Nothing in this Section 10.2 shall be construed to:

10.2.4.1 Require Landlord to forego or waive any exemption or other relief afforded it under the provisions of the ADA, so long as granting of such relief does not result in the shifting of responsibility for complying with the ADA to Tenant; or

10.2.4.2 Require Landlord to provide to individuals with disabilities personal devices, such as wheelchairs; individually prescribed devices, such as prescription eyeglasses or hearing aids; readers for personal use or study; or services of a personal nature including assistance in eating, toileting, or dressing.

ARTICLE 11 MAINTENANCE AND REPAIRS

11.1 Landlord's Obligations. Throughout the Term, Landlord, at its sole cost and expense, shall keep and maintain, in good condition and repair, the Base Building and the Building Systems, including without limitation heating, ventilation, air conditioning, water heater, fire alarm and sprinkler system, exterior walls, structural elements of interior walls, roof, foundation, plumbing, gas, and electrical systems. All capital improvements to the Base Building or the Building Systems shall be the responsibility of the Landlord. Further, Landlord, at its sole cost and expense, shall maintain those portions of the Property that are not part of the Premises.

11.2 Tenant's Obligations.

11.2.1 Maintenance and Repair of Premises. Throughout the Term, Tenant, at its sole cost and expense, shall be responsible for the day-to-day maintenance of the Premises (excluding the Base Building and Building Systems), including the provision of its own custodial services, maintenance of lighting fixtures (i.e., replacing bulbs), smoke detectors and fire extinguishers (but not the fire alarm and sprinkler system, which is Landlord's responsibility), maintenance of exterior lighting (i.e., replacing bulbs), and basic maintenance of plumbing such as clogged drains not caused by a problem with the plumbing system.

11.2.2 Termination of Lease. On the last day of the Term hereof, or on any sooner termination, Tenant shall surrender the Premises to Landlord in the same condition as received (except for the Tenant Improvements, the Alterations, and ordinary wear and tear), clean and free of debris. Any damage or deterioration of the Premises shall not be deemed ordinary wear and tear if the same could have been prevented by good maintenance practices by Tenant. Upon such expiration or termination, Tenant shall, without expense to Landlord, remove or cause to be removed from the Premises all debris and rubbish, and such items of furniture, equipment, free-standing cabinet work, and other articles of personal property owned by Tenant or installed or placed by Tenant at its expense in the Premises, and such similar articles of any other persons claiming under Tenant, as Landlord may, in Landlord's sole discretion, require to be removed, and Tenant shall repair at its own expense all damage to the Premises resulting from such removal. Tenant shall repair any damage to the Premises occasioned by the installation or removal of Tenant's trade fixtures, alterations, furnishings and equipment.

ARTICLE 12 ALTERATIONS AND IMPROVEMENTS

12.1 Alterations and Improvements. After the initial buildout of the Tenant Improvements within the Premises, Tenant may, with the prior written approval of Landlord, make alterations and improvements to the Premises ("Alterations", which defined term shall not include any of the Tenant Improvements) which do not affect the (1) exterior appearance of the Building, (2) structural aspects of the Building, (3) the use of the Property by other tenants or occupants of the Property, or (4) the Building Systems, as that phrase is defined in Section 12.2 below, as long as Tenant pays for the entire cost of such Alterations. Any time Tenant proposes to make such Alterations, Tenant shall provide Landlord with no less than fifteen (15) business days prior written notice of the proposed Alterations, together with the plans and specifications. Landlord's consent to any Alteration shall not be unreasonably withheld, conditioned, or delayed. Notwithstanding anything to the contrary set forth above, Tenant may make, without Landlord's prior written consent but after fifteen (15) business days' notice to Landlord, Alterations which do not violate the requirements of (1) through (4) above and do not cost in excess of Ten Thousand Dollars (\$10,000) per Alteration.

12.2 "Building Systems" – Defined. As used in this Lease, the phrase "Building Systems" shall mean any machinery, transformers, duct work, conduit, pipe, bus duct, cable, wires, and other equipment, facilities, and systems, to the extent within or connecting to the Building, designed to supply heat, ventilation, air conditioning and humidity or any other services or utilities, or comprising or serving as any component or portion of the electrical, gas, steam, plumbing, sprinkler, alarm, security, or fire/life safety systems or equipment, or any other mechanical, electrical, electronic, computer, or other systems or equipment which service the Building in whole or in part.

12.3 Manner of Construction. Landlord may impose reasonable requirements as a condition of its consent to all Alterations or repairs of the Premises or about the Premises, including, but not limited to, the requirement, with respect to work on the Building Systems, that Tenant utilize for such purposes only contractors, materials, mechanics, and material providers approved by Landlord. Landlord may require Tenant to provide Landlord, at Tenant's sole cost and expense, a lien and completion bond in an amount not less than the estimated cost of such improvements, to insure Landlord against any liability for claims or purported mechanic's and materialmen's liens and to insure completion of the work. Tenant shall construct such Alterations and perform such repairs in conformance with any and all applicable rules and regulations of any federal, state, county or municipal code or ordinance and pursuant to a valid building permit, issued by the City of Los Angeles, in conformance with Landlord's reasonable construction rules and regulations. All work with respect to any Alterations must be done in a good and professional manner and diligently prosecuted to completion to the end. In performing the work of any such Alterations, Tenant shall have the work performed in such manner as not to obstruct access to the Property for any other tenant of the Property. Upon completion of any Alterations, Tenant agrees at the request of Landlord to cause a Notice of Completion to be recorded in the office of the Recorder of the County of Los Angeles in accordance with Section 8182 of the California Civil Code or any successor statute, and Tenant shall deliver to Landlord a reproducible copy of the "as-built" drawings, if any, of the Alterations.

12.4 Construction Insurance. In the event Tenant makes any Alterations, Tenant agrees to carry "Builder's All Risk" insurance in an amount reasonably approved by Landlord covering the construction of such Alterations, subject to Tenant's right to self-insure. Where

Tenant is utilizing commercial insurance, prior to commencing any such Alterations, Tenant will provide Landlord with copies of certificates of insurance evidencing the obtaining of the applicable Builder's All Risk insurance coverage.

12.5 Payment for Alterations. In the event Alteration is performed by Tenant or Tenant's contractor, upon completion of such work, Tenant shall deliver to Landlord, where applicable, evidence of payment, contractors' affidavits and full and final waivers of all liens for labor, services, and materials.

12.6 Ownership of Alterations. All Alterations, fixtures, and equipment which may be installed or placed in or about the Premises, from time to time, shall be at the sole cost of Tenant. Alterations, fixtures, and equipment remaining at the Premises after the vacation of the Premises by Tenant shall be and become, at the election of Landlord, the property of Landlord. Tenant may remove any Alterations, fixtures, or equipment installed by Tenant, provided Tenant repairs any damage to the Premises caused by such removal.

12.7 Personal Property/Removal at Termination. All articles of personal property and all business and trade fixtures, machinery and equipment, furniture and movable partitions owned by Tenant or installed by Tenant at Tenant's expense in the Premises shall be and remain the property of Tenant and may be removed by Tenant at any time during the Term, provided that, with Landlord's consent, any and all wires, conduits, or pipe leading to any fixtures may be left in place in said Premises at the option of Tenant, provided the same shall be insulated, plugged or otherwise treated in accordance with applicable standard practices and laws. If Tenant shall fail to remove all of Tenant's personal property from the Premises upon termination or expiration of the Term for any cause whatsoever, Landlord may, at Landlord's option any time after ten (10) calendar days' written notice to Tenant of Landlord's intention, (i) assume ownership of a portion or all of such property, (ii) remove and dispose of a portion or all of such property in any manner that Landlord shall choose, and/or (iii) remove and store such property without liability to Tenant for loss thereof and Tenant agrees to pay Landlord upon demand any and all expenses incurred in such removal, including court costs and attorneys' fees and storage charges on such property for any length of time that the same shall be in Landlord's possession.

ARTICLE 13 SERVICES PROVIDED BY LANDLORD

13.1 [reserved]

13.2 Access. Subject to damage and destruction, Landlord shall make available to Tenant, at all times twenty-four (24) hours per day, seven (7) days a week, every day of the year, access to the entire Premises.

13.3 Heat, Ventilation, and Air Conditioning (HVAC). Landlord shall furnish to the Premises, at all times twenty-four (24) hours per day, seven (7) days per week, every day of the year, heat, ventilation, and air conditioning (HVAC) reasonably required for the comfortable residential use and occupation of the Premises.

13.4 Electricity. Landlord shall provide to Tenant, at all times twenty-four (24) hours per day, seven (7) days per week, every day of the year, electricity for the entire Premises.

13.5 Gas. Landlord shall provide to Tenant, at all times twenty-four (24) hours per day, seven (7) days per week, every day of the year, gas for the entire Premises.

13.6 Water. Landlord shall provide hot and cold water sufficient for drinking, lavatory, toilet, and ordinary cleaning purposes to be drawn from approved fixtures in the Premises.

13.7 Communication System. Tenant, at its own cost, shall be allowed to install its own communication infrastructure/cabling in and around the Building.

13.8 Security. Landlord shall not be required to provide security services for the Premises. Tenant shall require Subtenant to provide its own security services for the Premises.

13.9 Janitorial Services. Tenant shall be responsible for providing its own janitorial services to the Premises.

13.10 Bulbs and Fluorescent Tubes. Upon the Execution Date, Landlord shall provide the Premises with fluorescent tubes, starters, ballasts, plastic shields covering light fixtures, or light bulbs as are required for light fixtures within the Premises. Tenant shall be solely responsible (at its sole cost and expense) for replacement of all fluorescent tubes, starters, ballasts, plastic shields covering light fixtures, or light bulbs as are required from time to time within the Premises.

13.11 Rubbish Removal and Extermination. Landlord shall, at least three (3) times per week, remove or arrange to have removed from the Premises rubbish, garbage, trash, and similar debris generated by Tenant's use of the Premises. Landlord is also responsible for the removal or extermination of any pests, vermin, rodents, fleas, or similar infestations from the Premises and the Property within a reasonable period of time after its receipt of written notice of the need for such removal or extermination.

ARTICLE 14 PARKING

Tenant shall have the exclusive right to use, at no additional cost to Tenant, all of the parking spaces within the Premises, which shall include (as provided by Landlord) no less than six (6) striped parking spaces, of which at least two (2) spaces shall be accessible to disabled individuals. Landlord shall ensure that the parking area within the Premises and all parking spaces and signage therein are in compliance with the ADA.

ARTICLE 15 ASSIGNMENT AND SUBLETTING

15.1 Landlord's Consent. Tenant shall not voluntarily or by operation of law assign, transfer, mortgage, sublet or otherwise transfer or encumber all or any part of Tenant's interest in the Lease or in the Premises, without Landlord's prior written consent, which shall not be unreasonably withheld, delayed or conditioned. Any attempted assignment, transfer, mortgage, encumbrance or subletting without such consent shall be void, and shall constitute a material default and breach of this Lease without the need for notice to Tenant under Section 21.1. Notwithstanding the foregoing or anything herein to the contrary, Landlord hereby consents to the following permitted assignments: (i) any assignment of this Lease to the County of Los

Angeles ("County") at any point in time, which assignment shall include the assignment of the Extension Option and County's right to exercise the Extension Option, and (ii) any sublease to the Subtenant (or any other non-profit entity selected by the City or the County for the operation of the Premises) for the entirety or a portion of the Term. Landlord acknowledges that it is anticipated that the Subtenant will, in addition to building out the Tenant Improvements, manage and operate the shelter facility.

ARTICLE 16 INSURANCE AND INDEMNIFICATION

16.1 Indemnification. Tenant shall indemnify, defend and hold harmless Landlord and Landlord's officers, agents, partners, employees, contractors, subcontractors, and assignees from and against any and all loss, liability, or expense for claims for injury or damage including (but not limited to) demands, claims, actions, fees, costs and expenses (including attorney and expert witness fees), to the extent arising or alleged to arise from acts or omissions of Tenant or Tenant's officers, agencies, employees, contractors, licensees or invitees, jointly or severally, in the occupancy or use of Premises, including without limitation: (i) claims from neighbor(s) of the Property, or any other third party, based on Tenant's use of the Premises as a homeless shelter, and (ii) claims arising because of the placement of Hazardous Materials on the Premises by the Tenant or any of its officers, agencies, agents, representatives, employees, contractors, subcontractors, licensees or invitees. Landlord agrees to notify Tenant of any claims for which Tenant may be liable under this Section. Landlord shall indemnify, defend and hold harmless Tenant and Tenant's officers, officials, agents, partners, employees, contractors, subcontractors, and sublessees/assignees from and against any and all loss, liability, or expense for claims for injury or damage including (but not limited to) demands, claims, actions, fees, costs and expenses (including attorney and expert witness fees), to the extent arising or alleged to arise from acts or omissions of Landlord or its officers, employees, licensees, contractors or invitees, jointly or severally, in or about the Premises, including claims arising because of the placement of Hazardous Materials on the Premises by Landlord or any of Landlord's officers, agencies, agents, representatives, employees, contractors, subcontractors, licensees or invitees. Tenant agrees to notify Landlord of any claim for which Landlord may be liable under this Section. In the event of third party personal injury claims made against both parties in which liability is attributed to the negligence or wrongful act or omission of both Tenant and Landlord, the ultimate financial responsibility of each party shall be in accordance with its percentage of fault or as may otherwise be mutually agreed between Tenant and Landlord.

16.2 Liability Insurance – Landlord. Landlord shall, at its sole expense, procure and maintain in force during the Term general liability insurance against bodily injury, including death and property damage arising from Landlord's ownership, maintenance and use of Premises. Such insurance shall have a combined single limit of not less than One Million Dollars (\$1,000,000) per occurrence and be in addition to and not in lieu of any insurance carried by Tenant. If Landlord fails to carry the required insurance, such failure shall automatically be deemed a covenant and agreement by Landlord to self-insure such exposure to the full extent required with a full waiver of a right of recovery from Tenant.

16.3 Liability Insurance – Tenant. Subject to Tenant's right to self-insure (pursuant to Section 16.4 below), Tenant shall, at its sole expense, procure and maintain in force during the Term general liability insurance against bodily injury (including death and property damage)

arising from Tenant's occupancy and use of Premises. Such insurance shall have a combined single limit of not less than One Million Dollars (\$1,000,000) per occurrence and be in addition to and not in lieu of insurance carried by Landlord.

16.4 Self-Insurance. Notwithstanding anything to the contrary, at its sole option, Tenant may satisfy its obligations under the insurance requirements of this Article by a combination of commercial insurance, formal risk pooling under California statutory provisions, and/or a self-funded loss reserve in whatever proportions are deemed appropriate by Tenant's risk management staff. Tenant shall furnish Landlord a certificate or other written evidence of its election to provide all or part of its coverage under a risk pooling, risk retention, or self-insurance program or combination thereof. In the event that Tenant elects to satisfy any of its insurance requirements of this Article (or any portion(s) thereof) by self-insuring, no requirement relating to the form of insurance policies shall be applicable to such self-insurance, provided that any self insurance shall be deemed to contain all of the terms and conditions applicable to such insurance as required by this Lease, including, without limitation, a waiver of subrogation. This provision shall apply to Tenant only, and may not be assigned. In no event shall any self-insurance result in a detriment to Landlord or an increase in the amount payable by Landlord's insurance companies.

16.5 Property Insurance. Landlord shall maintain in effect throughout the Term physical damage insurance in a commercially reasonable amount (but no in event less than the replacement cost value of the Building) or other such amount as Landlord's lender may require. Such insurance shall provide protection against any peril generally included within the classifications of fire, extended coverage, vandalism, malicious mischief, sprinkler leakage and loss of income. Landlord will not insure Tenant's Alterations, equipment, stored goods, other personal property, fixtures or tenant improvements. Subject to Tenant's right to self-insure (pursuant to Section 16.4 above), Tenant shall, at its sole option and expense, obtain physical damage insurance covering its Alterations, equipment, stored goods, other personal property, fixtures or tenant improvements. Tenant will provide Landlord with copies of the applicable certificates of insurance covering such property.

16.6 Waiver of Subrogation. Each party hereto agrees to waive its rights of recovery against the other for any physical damage it may sustain to the extent that such damage is covered by valid and collectible property insurance. Each party will notify its respective insurers of such agreement. Further, each party agrees to waive in advance its insurer's rights of subrogation to the extent that its insurance policies so permit. Notwithstanding the foregoing, all amounts which Tenant pays or is required to pay and all loss or damage resulting from risks for which Tenant has elected to self-insure shall be subject to this waiver of subrogation and the exercise by Tenant of its right of self-insurance shall not in any manner limit any of Tenant's indemnification obligations under this Lease.

16.7 Form of Policies. The minimum limits of policies of insurance required of Tenant under this Lease shall in no event limit the liability of Tenant under this Lease. Subject to Tenant's right to self-insure (pursuant to Section 16.4 above), all insurance policies carried by Tenant shall (i) name Landlord, and any other party the Landlord so specifies, as an additional insured, including Landlord's managing agent, if any; (ii) specifically cover the liability assumed by Tenant under this Lease, including, but not limited to, Tenant's obligations under Section 16.1

of this Lease; (iii) be issued by an insurance company having a rating of not less than A-X in Best's Insurance Guide or which is otherwise acceptable to Landlord and licensed to do business in the State of California; (iv) be primary insurance as to all claims thereunder and provide that any insurance carried by Landlord is excess and is non-contributing with any insurance requirement of Tenant; (v) be in form and content reasonably acceptable to Landlord; and (vi) provide that said insurance shall not be canceled or coverage changed unless thirty (30) days' prior written notice shall have been given to Landlord and any mortgagee of Landlord. Tenant shall deliver said policy or policies or certificates thereof to Landlord on or before the Lease Commencement Date and at least thirty (30) days before the expiration dates thereof. In addition, all insurance policies required to be carried by Landlord shall name Tenant as an additional insured.

16.8 Additional Requirements. In addition to the insurance requirements set forth in this Article 16, Landlord shall comply with all those insurance requirements set forth in **Exhibit C** hereto, to the extent they are not already specified in this Article 16.

ARTICLE 17 HAZARDOUS MATERIALS

17.1 Hazardous Materials. Landlord and Tenant agree as follows with respect to the existence or use of Hazardous Material (as defined in Section 17.1.5) on the Premises or in the Building:

17.1.1 Prohibition. Landlord and Tenant shall each comply with all federal, state, or local laws, ordinances, or regulations relating to industrial hygiene and environmental conditions on, under, or about the Premises including, but not limited to, soil and ground water conditions. Without limiting the generality of the foregoing, Tenant shall not transport, use, store, maintain, generate, manufacture, handle, dispose, release, or discharge any Hazardous Material (as defined in Section 17.1.5) upon or about the Premises or the land upon which the Premises sits, nor shall Tenant permit its officers, agents, contractors, or employees to engage in such activities upon or about the Premises or the land upon which the Premises sits. However, the foregoing provisions shall not prohibit Tenant from transportation to and from, and the use, storage, maintenance, and handling within, the Premises of substances customarily used in connection with normal office use provided: (1) such substances shall be used and maintained only in such quantities as are reasonably necessary for the permitted use of the Premises set forth in Section 3.1 of this Lease, strictly in accordance with applicable laws and the manufacturers' instructions therefor; (2) such substances shall not be disposed of, released, or discharged at the Premises, and shall be transported to and from the Premises in compliance with all applicable laws, and as Landlord shall reasonably require; (3) if any applicable law or Landlord's trash removal contractor requires that any such substances be disposed of separately from ordinary trash, Tenant shall make arrangements at Tenant's expense for such disposal directly with a qualified and licensed disposal company at a lawful disposal site (subject to scheduling and approval by Landlord), and shall ensure that disposal occurs frequently enough to prevent unnecessary storage of such substances in the Premises; and (4) any remaining such substances shall be completely, properly, and lawfully removed from the Premises upon expiration or earlier termination of this Lease.

17.1.2 Clean Up of Hazardous Material.

17.1.2.1 Clean Up by Landlord. If any Hazardous Material is released, discharged, or disposed of by Landlord, or Landlord's officers, agents, contractors, or employees on or about the Premises in violation of this Section 17.1, Landlord shall immediately, properly, and in compliance with applicable laws, clean up and, where required, remove the Hazardous Material from the Premises and any other affected property and clean or replace any affected personal property (whether or not owned by Tenant), at Landlord's expense. Such clean up and removal work shall be subject to Tenant's prior written approval (except in emergencies), and shall include, without limitation, any testing, investigation, and the preparation and implementation of any remedial action plan required by any governmental body having jurisdiction or reasonably required by Tenant. If Landlord shall fail to comply with the provisions of this Subsection within ten (10) business days after written notice by Tenant, or such shorter time as may be required by applicable law or in order to minimize any hazard to persons or property, Tenant may (but shall not be obligated to) arrange for such compliance directly or on Landlord's behalf through contractors or other parties selected by Tenant, at Landlord's expense (without limiting Tenant's other remedies under this Lease or applicable law).

17.1.2.2 Clean Up by Tenant. If any Hazardous Material is released, discharged, or disposed of by Tenant, or Tenant's officers, agents, contractors, employees, or invitees on or about the Premises in violation of this Section 17.1, Tenant shall immediately, properly, and in compliance with applicable laws, clean up and, where required, remove the Hazardous Material from the Premises and any other affected property and clean or replace any affected personal property (whether or not owned by Landlord), at Tenant's expense. Such clean up and removal work shall be subject to Landlord's prior written approval (except in emergencies), and shall include, without limitation, any testing, investigation, and the preparation and implementation of any remedial action plan required by any governmental body having jurisdiction or reasonably required by Landlord. If Tenant shall fail to comply with the provisions of this Subsection within ten (10) business days after written notice by Tenant, or such shorter time as may be required by applicable law or in order to minimize any hazard to persons or property, Landlord may (but shall not be obligated to) arrange for such compliance directly or on Tenant's behalf through contractors or other parties selected by Landlord, at Tenant's expense (without limiting Landlord's other remedies under this Lease or applicable law).

17.1.2.3 Casualty Damage. If any Hazardous Material is released, discharged, or disposed of on or about the Premises and such release, discharge, or disposal is not caused by Landlord or Landlord's officers, agents, contractors, or employees or other occupants of the Property, such release shall be deemed casualty damage under Article 20 to the extent that the Premises is affected thereby; in such case, Landlord and Tenant shall have the obligations and rights respecting such casualty damage provided under Article 20.

17.1.2.4 Joint Liability. As between Landlord and Tenant, nothing in this Section 17.1.2 shall be construed to prohibit or prevent, where appropriate, joint liability for the costs of clean up and removal of Hazardous Material, in proportions according to proof.

17.1.3 Compliance Costs. Landlord and Tenant acknowledge that Landlord may become legally liable for the costs of complying with laws relating to Hazardous Material which

are not specifically made the responsibility of either party under the provisions of this Lease, including the following: (1) Hazardous Material present in the soil or ground water; (2) a change in Laws which relate to Hazardous Material which make such Hazardous Material which is present on the Premises or in the Property as of the Commencement Date, whether known or unknown to Landlord, a violation of such new laws; (3) Hazardous Material that migrates, flows, percolates, diffuses or in any way moves on to or under the land; (4) Hazardous Material present within the Property as a result of any discharge, dumping or spilling (whether accidental or otherwise) within the Property by other lessees within the Property or their agents, employees, contractors or invitees, or by others. Accordingly, Landlord and Tenant agree that the cost of complying with laws relating to Hazardous Material within the Property shall be borne by Landlord, unless the cost of such compliance, as between Landlord and Tenant, is made specifically the responsibility of Tenant pursuant to this Lease.

17.1.4 Termination. This Section is applicable upon any discovery of Hazardous Material in, on or about the Property not placed in, on or about the Property by Tenant or Tenant's employees, agents, contractors, or invitees, that, considering the nature and amount of the substances involved, materially and adversely interferes with Tenant's use of the Premises or, in the prudent judgment of Tenant, presents a health risk to any occupants of the Premises. Where such a state of affairs is present, if it is unlikely that Tenant can be given reasonable use of, and access to, a fully repaired, restored, safe and healthful Premises (and the utilities and services pertaining to the Premises), all suitable for the efficient conduct of Tenant's business therefrom, within thirty (30) calendar days from the date Tenant is notified or becomes aware of such state of affairs, then Tenant may elect to terminate the Lease upon ten (10) calendar days written notice sent to Landlord at any time within a period of ninety (90) calendar days following the date Tenant is notified or becomes aware of such state of affairs.

17.1.5 "Hazardous Material" – Definition. The phrase "Hazardous Material" for the purposes of this Lease shall mean any chemical, substance, material, or waste or component thereof the presence of which requires investigation or remediation under any federal, state, or local statute, regulation, ordinance, order, action, policy, or common law, or which is now or hereafter listed, defined, or regulated as a flammable explosive, radioactive material, hazardous or toxic chemical, substance, material or waste or component thereof (whether injurious by themselves or in conjunction with other materials) by any federal, state, or local governing or regulatory body having jurisdiction, or which would trigger any employee or community "right-to-know" requirements adopted by such body, or for which any such body has adopted any requirements for the preparation or distribution of a material safety data sheet. Without limiting the generality of the foregoing, Hazardous Material shall include, but not be limited to, any material or substance which is: (1) defined as a "hazardous waste," "extremely hazardous waste" or "restricted hazardous waste" under Sections 25115, 25117 or 25122.7, or listed pursuant to Section 25140, of the California Health and Safety Code, Division 20, Chapter 6.5 (Hazardous Waste Control Law); (2) defined as a "hazardous substance" under Section 25316 of the California Health and Safety Code, Division 20, Chapter 6.8 (Carpenter-Presley-Tanner Hazardous Substance Account Act, California Health and Safety Code Section 25300, et seq.); (3) defined as a "hazardous material," "hazardous substance," or "hazardous waste" under Section 25501 of the California Health and Safety Code, Division 20, Chapter 6.95 (Hazardous Materials Release Response Plans and Inventory, California Health and

Safety Code Section 25500, et seq.); (4) defined as a "hazardous substance" under Section 25281 of the California Health and Safety Code, Division 20, Chapter 6.7 (Underground Storage of Hazardous Substances, California Health and Safety Code Section 25280, et seq.); (5) petroleum; (6) asbestos; (7) defined as a "hazardous constituent," "hazardous material," "hazardous waste," or "toxic waste" under Article 2 of Chapter 10 (Section 66260.10) or defined as a "hazardous waste" under Article 1 of Chapter 11 (Section 66261.3) of Title 22 of the California Code of Regulations, Division 4.5 (Environmental Health Standards for the Management of Hazardous Waste, 22 C.C.R. Section 66001, et seq.); (8) designated as a "hazardous substance" pursuant to Section 311 (33 U.S.C. § 1321) of the Clean Water Act of 1977, as amended (Federal Water Pollution Control Act, 33 U.S.C. § 1251, et seq.); (9) defined as a "hazardous waste" pursuant to Section 1004 (42 U.S.C. § 6903) of the Federal Resource Conservation and Recovery Act of 1976, as amended (RCRA, 42 U.S.C. § 6901, et seq.); (10) defined as a "hazardous substance" pursuant to Section 101 (42 U.S.C. § 9601) of the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (CERCLA, 42 U.S.C. § 9601, et seq.); or (11) defined as "hazardous material" under Section 103 (49 U.S.C. § 1802) of the Hazardous Materials Transportation Act (49 U.S.C. § 1801, et seq.), as such laws may be amended from time to time, and the regulations adopted and publications promulgated pursuant to such laws.

17.1.6 [reserved]

17.1.7 Notice Regarding Hazardous Materials. Landlord shall promptly notify Tenant, with respect to the Property, and Tenant shall promptly notify Landlord, with respect to the Premises, of: (1) any enforcement, cleanup, or other regulatory action taken or threatened by any governmental or other regulatory authority with respect to the presence of any Hazardous Material or the migration thereof from or to other property; (2) any demands or claims made or threatened by any party against Landlord or Tenant, as applicable, relating to any loss or injury resulting from any Hazardous Material; (3) any release, discharge, or non-routine, improper or unlawful disposal or transportation of any Hazardous Material; and (4) any matters where Landlord or Tenant, as applicable, is required by law to give a notice to any governmental or regulatory authority respecting any Hazardous Material. Landlord and Tenant shall have the right (but not the obligation) to join and participate, as a party, in any legal proceedings or actions affecting the Property or the Premises initiated in connection with any environmental, health, or safety law. At such times as Landlord may reasonably request, Tenant shall provide Landlord with a written list identifying any Hazardous Material then used, stored, or maintained upon the Premises, the use and approximate quantity of each such material, a copy of any material safety data sheet issued by the manufacturer thereof, written information concerning the removal, transportation and disposal of the same, and such other information as Landlord may reasonably require or as may be required by applicable law. In addition, California Health and Safety Code Section 25359.7(a) requires any owner of nonresidential real property who knows, or has reasonable cause to believe, that any release of hazardous substance has come to be located on or beneath that real property, prior to the lease or rental of that real property or when the presence of such release is actually known, to give written notice of that condition to the lessee or renter. California Health and Safety Code Section 25359.7(b) requires any tenant of real property who knows, or has reasonable cause to believe, that any release of hazardous substance has come to be located on or beneath that real property to give written notice of such condition to the owners. Landlord and Tenant shall comply with the requirements of Section 25359.7 and any successor statute thereto.

17.1.8 Notices Regarding Asbestos. The California Asbestos Notification Act (California Health & Safety Code Sections 25915, et seq.) requires that every owner of a commercial or industrial building who knows that the building contains asbestos-containing materials must provide written notice to its tenants and to its employees and contractors working in the building. Such notification shall be made by Landlord to Tenant at the address given for other notices (Section 2.2), or to such person or such address that Tenant specifies in writing to Landlord. Acknowledging Tenant's reliance thereon, Landlord hereby represents and warrants that Landlord is in compliance with the California Asbestos Notification Act in connection with this Lease.

ARTICLE 18 [Reserved]

ARTICLE 19 INSPECTION BY LANDLORD

19.1 Inspection by Landlord. Landlord shall, with reasonable prior notice to the supervising Tenant employee in charge of the Premises, have the right, to be exercised reasonably (and with the least amount of interference with Tenant's business) and only at times that Tenant employees are present in the Premises, to enter the Premises, inspect the same, to exhibit said Premises to prospective purchasers or lenders and, during the last twelve (12) months of the Term, to prospective tenants, to post notices of nonresponsibility, and to alter, improve or repair the Premises and any portion of the Property of which the Premises are a part that Landlord may deem necessary or desirable, without abatement of rent. Notwithstanding anything to the contrary contained in this Section, Landlord, or its employees, agents, or subcontractors, shall have the right to enter the Premises on a customary and regular basis to supply services to be provided by Landlord to Tenant hereunder, providing that Landlord shall use its commercially reasonable efforts to minimize interference with the business of Tenant. In the case of an emergency, neither prior notice to Tenant nor the presence of Tenant employees on the Premises shall be required to enter and inspect the Premises or to take such steps as are necessary to abate the emergency, but Tenant shall receive prompt notice after such entry. Landlord agrees that Tenant may request, and Landlord shall, at Tenant's sole expense, "rekey" any and all doors in and upon the Premises provided Landlord retains copies of all keys to the Premises (except those areas which are designated by Tenant as Secured Areas under Section 19.2), in order to allow Landlord access to the Premises at all reasonable hours for inspections, repairs or any other purposes related to the safety, protection, preservation or improvement of the Premises.

19.2 Secured Areas. Tenant may designate certain areas of the Premises as "Secured Areas" should Tenant require such areas for the purpose of securing certain valuable property or confidential information. Landlord may not enter such Secured Areas except in the case of emergency or in the event of a Landlord inspection, in which case Landlord shall provide Tenant with ten (10) days' prior written notice of the specific date, time, and purpose of such Landlord inspection.

ARTICLE 20 DAMAGE OR DESTRUCTION

20.1 Total Destruction. If the Premises is totally destroyed, then either Landlord or Tenant may terminate this Lease upon written notice to the other party. If neither party exercises

such right to terminate this Lease, then Landlord shall, at its sole cost and expense, rebuild the Premises.

20.2 Partial Destruction. Upon the occurrence of any damage to any portions of the Building or the Premises (such portions shall be referred to herein as "Casualty Repair Areas", which shall exclude the Tenant Improvements and Alterations), Landlord shall, at its sole cost and expense, subject to the remaining provisions of this Article 20, promptly and with due diligence repair any damage to Casualty Repair Areas upon Landlord obtaining knowledge of such damage. If the repairs to Casualty Repair Areas cannot, in Tenant's reasonable opinion, be made within six (6) months following the discovery of the damage (or if the damage occurs during the last twelve (12) months of the Term and the repairs cannot be made within ninety (90) days following the discovery of damage), then Tenant may elect to terminate this Lease by written notice to Landlord within sixty (60) days after the date of the damage or destruction; provided, however, that Tenant may only elect to terminate this Lease if (A) as a result of the damage, Tenant cannot reasonably conduct business from the Premises, and, (B) as a result of the damage, Tenant does not occupy or use a material part of the Premises.

20.3 [reserved]

20.4 Exceptions to Landlord's Obligations. Notwithstanding anything to the contrary contained in this Article 20, Landlord shall be entitled to terminate this Lease upon partial destruction of the Premises if: (a) Premises is so damaged as to require repairs to the Premises exceeding sixty-six percent (66%) of its full insurable value; (b) the damage or destruction to the Premises occurs less than one (1) year prior to the end of the Term; or (c) the holder of any mortgage on the Building shall require that the insurance proceeds be used to retire the mortgage debt. Further, Tenant's Base Rent shall not be abated if the damage or destruction is repaired within five (5) calendar days after Landlord receives written notice from Tenant of the casualty.

20.5 Waiver. The provisions contained in this Lease shall supersede any contrary laws now or hereafter in effect relating to damage or destruction, and Landlord and Tenant hereby waive the provisions of California Civil Code Sections 1932(2) [termination where greater part of thing hired perishes] and 1933(4) [automatic termination upon destruction of thing hired].

20.6 Termination. If either party terminates this Lease as permitted by this Article 20, then this Lease shall end effective the date specified in the termination notice. The rent and other charges shall be payable up to the effective date of termination and shall account for any abatement. Landlord shall promptly refund to Tenant any prepaid, unaccrued rent, accounting for any abatement, less any sum then owing by Tenant to Landlord. If Landlord cancels this Lease as permitted by this Article 20, then Landlord must also cancel all other similarly affected tenant leases in the Property for which Landlord has exercisable termination rights.

ARTICLE 21 DEFAULT

21.1 Default by Tenant. The occurrence of any one or more of the following events shall constitute an "Event of Default" of this Lease by Tenant:

21.1.1 Failure to Pay Base Rent. The failure by Tenant to make any payment of Base Rent, as and when due, where the amount and timing of such Base Rent have not changed from the prior month and where such failure continues for fifteen (15) calendar days after written notice thereof from Landlord to Tenant.

21.1.2 Failure to Pay Other Amounts. The failure by Tenant to make any payment of any Rent not set forth in Section 21.1.1 (such as any payment required to be made by Tenant hereunder the amount or timing of which has changed from the prior month) as and when due, where such failure continues for thirty (30) calendar days after written notice thereof from Landlord to Tenant.

21.1.3 Abandonment. The abandonment of the Premises by Tenant, as defined in California Civil Code Section 1951.3. (Abandonment of Leased Real Property) shall also include the failure to occupy the Premises for a continuous period of sixty (60) calendar days or more, whether or not the rent is paid.

21.1.4 Breach of Provisions. The failure by Tenant to observe or perform any of the covenants or provisions of this Lease to be performed by Tenant, other than as specified in Sections 21.1.1, 21.1.2, or 21.1.3 above, where such failure shall continue for a period of thirty (30) calendar days after written notice thereof from Landlord to Tenant specifying the nature of such failure or such longer period as is reasonably necessary to remedy such default, provided that Tenant shall continuously and diligently pursue such remedy at all times until such default is cured. To the extent permitted by law, such thirty (30) day notice shall constitute the sole and exclusive notice required to be given to Tenant.

21.2 Remedies. In the event of any Event of Default or breach of this Lease by Tenant, Landlord may at any time thereafter, with or without notice or demand and without limiting Landlord in the exercise of any right or remedy which Landlord may have by reason of such default:

21.2.1 Right to Terminate. If an Event of Default shall occur, then, in addition to any other remedies available to Landlord at law or in equity, Landlord shall have the immediate option to terminate this Lease and all rights of Tenant hereunder by giving Tenant thirty (30) days written notice of such election to terminate. In the event Landlord shall elect to so terminate this Lease, Landlord may recover from Tenant:

(1) the worth at the time of award of any unpaid rent which has been earned at the time of such termination; plus

(2) the worth at the time of award of any amount by which the unpaid rent which would have been earned after termination under this Section 21.2 until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided and the rental loss that was actually avoided; plus

(3) the worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of the award exceeds the amount of such rental loss that Tenant proves could be reasonably avoided and the rental loss that was actually avoided; and

(4) any other amount for legal fees and reletting expenses necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom but shall not include consequential damages.

21.2.2 Computation of Rent. All "rent" (as defined in Article 5) shall be computed on the basis of the monthly amount thereof payable on the date of Tenant's default, as the same are to be adjusted thereafter as contemplated by this Lease. As used in Subparagraphs (1) and (2) above, the "worth at the time of award" and the Interest Rate as used in this Lease is computed by allowing interest in the per annum amount equal to the greater of five percent (5.0%) or the prime rate of interest or other equivalent reference rate from time to time announced by the Wall Street Journal plus two percent (2%), but in no event in excess of the maximum interest rate permitted by law. As used in Subparagraph (3) above, the "worth at the time of award" is computed by discounting such amount at the Interest Rate.

21.2.3 Surrender of Premises. If Landlord elects to terminate this Lease as a result of Tenant's default, this Lease and the Term hereof, as well as all of the right, title and interest of Tenant hereunder, shall wholly cease and expire and become void in the same manner and with the same force and effect (except as to Tenant's liability) as if the date fixed in such notice were the date herein specified for expiration of the Term of this Lease. Thereupon, Tenant shall immediately quit and surrender to Landlord the Premises, and Landlord may enter into and repossess the Premises following receipt of a court order permitting same and remove all occupants thereof and, at Landlord's option, any property thereon without being liable for any damages therefor.

20.2.4. Continuation of Lease. If an Event of Default shall occur, in addition, Landlord shall have the remedy described in California Civil Code Section 1951.4 (lessor may continue lease in effect after lessee's breach and abandonment and recover rent as it becomes due, if lessee has the right to sublet or assign, subject only to reasonable limitations).

20.2.5. Landlord's Cumulative Rights; No Waiver of Default. Except where otherwise provided, all rights, options and remedies of Landlord contained in this Lease shall be construed and held to be cumulative, and no one of them shall be exclusive of the other, and Landlord shall have the right to pursue any one or all of such remedies or any other remedy or relief which may be provided by law, whether or not stated in this Lease. No waiver of any default by Tenant hereunder shall be implied from any acceptance by Landlord of any rent or other payments due hereunder or any omission by Landlord to take any action on account of such default if such default persists or is repeated, and no express waiver shall affect any default other than as specified in said waiver. The consent or approval of Landlord to any act by Tenant requiring Landlord's consent or approval shall not be deemed to waive or render unnecessary Landlord's consent or approval to any subsequent similar acts by Tenant.

20.5.6 Right of Re-Entry. If an Event of Default by Tenant has occurred and Tenant has abandoned the Premises, then Landlord shall also have the right to enforce the provisions of California Civil Code Sections 1980 through 1991. No re-entry or taking of possession of the Premises by Landlord pursuant to this Section 21.5 shall be construed as an election to terminate this Lease unless a written notice of such intention shall be given to Tenant

or unless the termination hereof shall be decreed by a court of competent jurisdiction. For the purposes of this Article 21, Tenant's right to possession shall not be deemed to have terminated by efforts of Landlord to relet the Premises, by its acts of maintenance or preservation with respect to the Premises, or by appointment of a receiver to protect Landlord's interests hereunder. Notwithstanding any reletting without termination by Landlord because of any Event of Default of Tenant, Landlord may at any time after such reletting elect to terminate this Lease for any such Event of Default. The foregoing enumeration is not exhaustive, but merely illustrative of acts which may be performed by Landlord without terminating Tenant's right to possession.

21.3 Default by Landlord. Landlord shall not be in default in the performance of any obligation required to be performed by Landlord pursuant to this Lease, unless Landlord neglects or fails to perform or observe any of the covenants, provisions or conditions contained in this Lease on its part to be performed or observed within thirty (30) calendar days after written notice of default from Tenant to Landlord (or if more than thirty (30) calendar days is required due to nature of the default, and Landlord fails to commence work to cure it within said 30 days after notice and diligently pursue work to completion). In an event of default by Landlord, Tenant shall have the right to pursue any remedy now or hereafter available to Tenant under the laws or judicial decisions of the State of California, subject to the waiver of subrogation and Section 27.11 below. Notwithstanding the foregoing, Tenant hereby waives any and all rights under and benefits of subsection 1 of Section 1932 and Sections 1941 and 1942 of the California Civil Code or under any similar law, statute, or ordinance now or hereafter in effect.

ARTICLE 22 [Reserved]

ARTICLE 23 ESTOPPEL CERTIFICATES

23.1 Estoppel Certificate from Tenant. Within fifteen (15) business days following any written request which Landlord may make from time to time pursuant to the request of a prospective purchaser or lender for a prospective purchaser, Tenant shall execute and deliver to Landlord an estoppel certificate to Landlord in the form of **Exhibit D** attached hereto. The parties intend that any statement delivered pursuant to this Section 23.1 may be relied upon by any mortgagee, beneficiary, purchaser or prospective purchaser of the Building or any interest therein.

23.2 Tenant's Failure to Provide Statement. Tenant's failure to deliver such statement within such time shall be conclusive upon Tenant (a) that this Lease is in full force and effect, without modification except as may be represented by Landlord, (b) that there are no uncured defaults in Landlord's performance, and (c) that not more than one (1) month's rent has been paid in advance. Notwithstanding anything to the contrary, such conclusive effect is applicable only after Tenant's failure to respond after an additional ten (10) business days written notice to Real Property Division of Los Angeles City Attorney's Office and only with respect to the lender or prospective purchaser for whom it was requested.

ARTICLE 24 CONDEMNATION

24.1 Definitions.

“Condemnation” means (1) the exercise of any governmental power, whether by legal proceedings or otherwise, by a Condemnor and (2) a voluntary sale or transfer by Landlord to any Condemnor, either under threat of condemnation or while legal proceedings for condemnation are pending.

“Date of taking” means the date the Condemnor has the right to possession of the property being condemned.

“Award” means all compensation, sums, or anything of value awarded, paid, or received on a total or partial Condemnation.

“Condemnor” means any public or quasi-public authority, or private corporation or individual, having the power of Condemnation.

24.2 Parties’ Rights and Obligations to be Governed by Lease. If, during the period of time between the Execution Date and the full expiration or termination of this Lease, there is any taking of all or any part of the Premises or any interest in this Lease by Condemnation, the rights and obligations of the parties shall be determined pursuant to this Article 24.

24.3 Total Taking. If the Premises are totally taken by Condemnation, this Lease shall terminate on the date of taking.

24.4 Partial Taking.

24.4.1 Effect on Lease. If any portion of the Premises is taken by Condemnation, this Lease shall remain in effect, except that Tenant can elect to terminate this Lease if the remaining portion of the Premises is rendered unsuitable for Tenant’s continued use of the Premises. If Tenant elects to terminate this Lease pursuant to this Article 24, Tenant must exercise its right to terminate by giving written notice to Landlord within thirty (30) calendar days after the nature and extent of the taking have been finally determined. Such termination shall be effective on the date of the taking. If Tenant does not terminate this Lease within the thirty-day period, this Lease shall continue in full force and effect. If twenty percent (20.0%) or more of the Premises (excluding the parking area) is taken by Condemnation, Landlord shall have the option to terminate this Lease upon ninety (90) days’ notice to Tenant.

24.4.2 Taking of Parking Area. If the parking area (surface or underground) is taken by Condemnation, this Lease shall remain in full force and effect, except that if Landlord is unable to provide Tenant with substitute parking within a reasonable distance of the Premises, which substitute parking shall include the number of parking spaces Tenant is entitled to under Article 14 of this Lease, Tenant shall have the election to terminate this Lease pursuant to this Article 24, subject to the notice requirements set forth above in Section 24.4.1.

24.4.3 Award. Landlord shall be entitled to receive the entire award or payment in connection with a Condemnation, except that Tenant shall have the right to file any separate claim available to Tenant for any taking of Tenant’s personal property and fixtures belonging to Tenant and removable by Tenant upon expiration of the Term pursuant to the provisions of this Lease, and for moving expenses, so long as such claim is payable separately to Tenant. All Base

Rent shall be apportioned as of the date of termination of this Lease pursuant to the provisions of this Article 24. If any part of the Premises shall be taken, and this Lease shall not be so terminated, the Base Rent shall be proportionately abated.

24.4.4 Waiver of CCP § 1265.130. Each party waives the provisions of the California Code of Civil Procedure Section 1265.130 allowing either party to petition the superior court to terminate this Lease in the event of a partial taking of the Premises.

ARTICLE 25 ORDINANCE MANDATED PROVISIONS

25.1 Child Support Assignment Orders. This Lease is subject to Section 10.10, Article 1, Chapter 1, Division 10 of Los Angeles Administrative Code related to Child Support Assignment Orders. Pursuant to this Section, Landlord (and any its subcontractors providing services to City hereunder) shall: (a) fully comply with all State and Federal employment reporting requirements for Landlord's or its subcontractor's employees applicable to Child Support Assignment Orders; (b) certify that the principal owner(s) of Landlord and applicable subcontractors are in compliance with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally; (c) fully comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignment in accordance with California Family Code Section 5230, et seq.; and (d) maintain such compliance throughout the Term. Pursuant to Section 10.10.b of Los Angeles Administrative Code, failure of Landlord or an applicable subcontractor to comply with all applicable reporting requirements or to implement lawfully served Wage and Earnings Assignment Orders and Notices of Assignment or the failure of any principal owner(s) of Landlord or applicable subcontractors to comply with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally, shall constitute a default of this Lease subjecting it to termination where such failure continues for more than ninety (90) days after notice of such failure to Landlord by City (in lieu of any time for cure provided in Section 22.1).

25.2 Living Wage Ordinance. The Department Of General Services made an initial determination that this contract is not covered by Living Wage Ordinance ("LWO" at Section 10.37, et seq. of the Los Angeles Administrative Code) as this contract is a "lease where City is the tenant". Determinations as to whether this contract is covered by LWO are not final, but subject to review and revision as additional facts are examined and/or other interpretations of the law are considered. City shall notify Landlord in writing about any redetermination by City of coverage or exemption status. Notwithstanding any other provision herein to the contrary, in the event it is determined that this Lease is covered by LWO, Landlord shall be allowed to pass-through as Additional Rent any actual and necessary differential increase in costs related to wages and salaries paid as the result of compliance with LWO. In addition, if this Lease is covered by LWO, violation of this law shall constitute a material breach of this Lease and City shall be entitled to terminate it and otherwise pursue legal remedies available. Whether or not subject to LWO, Landlord shall not retaliate against any employee claiming non-compliance with the LWO, and, in addition, pursuant to Section 10.37.6(c) of LWO, Landlord agrees to comply with federal law prohibiting retaliation for union organizing.

25.3 Non-Discrimination in Employment.

25.3.1 General Provision. Landlord agrees and obligates itself in performing this Lease not to discriminate against any employee or applicant for employment because of his/her race, religion, national origin, ancestry, sex, sexual orientation, age, physical handicap, marital status, domestic partner status, or medical condition.

25.3.2 Equal Employment Practices. This Lease is a contract with or on behalf of City for which the consideration is \$1000.00 or more. Accordingly, during the performance of this Lease, Landlord further agrees to comply with Section 10.8.3 of Los Angeles Administrative Code ("Equal Employment Practices"). By way of specification but not limitation, pursuant to Sections 10.8.3.E and 10.8.3.F of said Code, Landlord's failure to comply with the Equal Employment Practices provisions of this Lease may be deemed a material breach of the Lease. No such finding shall be made or penalties assessed except upon a full and fair hearing after notice and an opportunity to be heard has been given to Landlord. Upon a finding duly made that Landlord has failed to comply with the Equal Employment Practices provisions of this Lease, this Lease may be forthwith terminated.

25.3.3 Affirmative Action Program. This Lease is a non-construction contract with or on behalf of the City for which the consideration is \$100,000.00 or more. Accordingly, during the performance of this Lease, Landlord further agrees to comply with Section 10.8.4 of Los Angeles Administrative Code ("Affirmative Action Program"). By way of specification but not limitation, pursuant to Sections 10.8.4.E and 10.8.4.F of said Code, the failure of Landlord to comply with the Affirmative Action Program provisions of this Lease may be deemed a material breach of this Lease. No such finding shall be made or penalties assessed except upon a full and fair hearing after notice and an opportunity to be heard has been given to Landlord. Upon a finding duly made that Landlord has breached the Affirmative Action Program provisions of this Lease, the Lease may be forthwith terminated.

25.3.4 Equal Benefits Provisions. This Lease is also subject to Section 10.8.2.1, Article 1, Chapter 1, Division 10 of Los Angeles Administrative Code ("Equal Benefits Provisions") related to equal benefits to employees. Landlord agrees to comply with the provisions of Section 10.8.2.1. By way of specification but not limitation, pursuant to Section 10.8.2.1.c of said Code, Landlord's failure to comply with the Equal Employment Practices provisions of this Lease may be deemed to be a material breach of the Lease. No such finding shall be made or penalties assessed except upon a full and fair hearing after notice and an opportunity to be heard has been given to Landlord. Upon a finding duly made that Landlord has failed to comply with the Equal Employment Practices provisions of this Lease, this Lease may be forthwith terminated.

25.4 Slavery Disclosure Ordinance. This Lease is subject to applicable provisions of the Slavery Disclosure Ordinance. ("SDO" at Section 10.41, et seq, of Los Angeles Administrative Code). Unless otherwise exempt in accordance with this Ordinance, Landlord certifies that it has complied with the applicable provisions of the Ordinance. Under the provisions of Section 10.41.2(b) of Los Angeles Administrative Code, City has the authority, under appropriate circumstances, to terminate this Lease and otherwise pursue legal remedies available to City if it determines that Landlord failed to fully and accurately complete the SDO affidavit or otherwise violated any provision of the SDO.

25.5 Border Wall Contracting. This Lease is subject to Section 10.50, Article 24, Chapter 1, Division 10 of Los Angeles Administrative Code related to Disclosure of Border Wall Contracting. Landlord shall complete fully and accurately an affidavit listing all Border Wall Bids and Border Wall Contract (as those terms are defined in the said Section 10.50). City shall have the right to terminate this Lease at any time if City determines that Landlord failed to fully and accurately complete the affidavit and disclose all Border Wall Bids and Border Wall Contracts.

25.6 NRA Contracting/Sponsorship. This Lease is subject to Section 10.52, Article 26, Chapter 1, Division 10 of Los Angeles Administrative Code related to Disclosure of Contracts and Sponsorship of the National Rifle Association. Landlord shall, from time to time as required, make the disclosure called for in the said Section 10.52. City shall have the right to terminate this Lease at any time if City determines that Landlord failed to comply with the said Section 10.52.

25.7 Use of Criminal History for Consideration of Employment Applications. This Lease is subject to Section 10.48, Article 22, Chapter 1, Division 10 of Los Angeles Administrative Code related to use of criminal history for consideration of employment applications. Landlord shall fully comply with the said Section 10.48. City shall have the right to terminate this Lease at any time if City determines that Landlord failed to fully comply with the said Section 10.48.

25.8 Business Tax Registration Certificate. Pursuant to a City Controller program, City may withhold payment of any Rents if Landlord has no Federal Tax Identification Number and a currently valid Business Tax Registration Certificate ("BTRC") or, where applicable, a valid Vendor Registration Number ("VRN") issued by City Clerk of the City pursuant to Los Angeles Municipal Code Section 21.00, et seq. Prior to the Lease Commencement Date, Landlord shall provide City with its Federal Tax Identification Number and BTRC number or VRN. Such withholding of Rents does not relieve City from its obligation to pay that Rents, but City may withhold (provided City has provided Landlord with thirty (30) days' notice of such intention and Landlord has not cured such failure within such thirty (30) day period), without penalty or interest, all Rents payments until Landlord has obtained a valid BTRC or VRN, after which City shall retroactively pay all such Rents due and owing within sixty (60) days after notice from Landlord with proof of such documents and an itemized invoice of the Rents due. If Landlord is not legally required to possess either a BTRC or VRN, this Section 6.6 shall not apply. However, the burden of proof shall be on Landlord to establish such non-applicability.

ARTICLE 26 SUBORDINATION

26.1 Subordination. This Lease and the rights of Tenant hereunder shall be and are subject and subordinate at all times to the lien of any mortgage or mortgages, deed of trust or deeds of trust, now or hereafter in force against the Premises, and to all renewals, extensions, applications, consolidations and replacements thereof, and to all advances made or hereafter to be made upon the security thereof and Tenant shall within fifteen (15) business days following request from Landlord and receipt of the appropriate instruments, including the non-disturbance agreements in favor of Tenant, execute such future instruments subordinating this Lease to the

lien or liens of any such mortgages, deeds of trust, ground leases, or underlying leases as shall be requested by Landlord.

26.2 Attornment. Tenant shall attorn to any purchaser at a foreclosure sale, or to any grantee or transferee designated in any deed given in lieu of foreclosure, if so requested by such purchaser or grantee, and to recognize that purchaser or grantee as lessor under this Lease unless the holders of such mortgages or deeds of trust, or the lessors under such ground leases or underlying leases, require in writing that this Lease be superior thereto.

26.3 Non-Disturbance Agreement.

26.3.1 Existing Lien Holders. Landlord agrees that, prior to thirty (30) days after the Execution Date, it will provide Tenant with a non-disturbance agreement, substantially in the form of **Exhibit E** attached hereto, in favor of Tenant from any mortgage holders or lien holders then in existence. Such non-disturbance agreements shall be in recordable form and may be recorded at Tenant's election and expense. In the event Landlord fails to provide such non-disturbance agreements within said thirty (30) days, Tenant shall have the right to exercise any of its remedies set forth in this Lease. If Tenant elects to record such non-disturbance agreements, then within fifteen (15) business days after Landlord's written request following the expiration or earlier termination of this Lease, Tenant shall, at Tenant's sole cost and expense, cause the non-disturbance agreement to be removed from title and such obligation shall survive the expiration or earlier termination of this Lease.

26.3.2 Subsequent Lien Holders. Landlord also agrees to provide Tenant with commercially reasonable non-disturbance agreement(s) in favor of Tenant from any ground lessors, mortgage holders, or lien holders of Landlord who later come into existence prior to expiration of the Term, in consideration of, and as a condition precedent to, Tenant's agreement to be bound by Section 26.1.

26.3.3 Tenant's Failure to Provide Instruments. Tenant's failure to deliver the subordination instruments required under Section 26.1 within the time period specified in that Section shall not form the basis of an Event of Default unless and until Tenant fails to respond after an additional ten (10) business day written notice to the Real Property Division of the Los Angeles City Attorney's Office.

ARTICLE 27 MISCELLANEOUS PROVISIONS

27.1 Accord and Satisfaction. No payment by Tenant or receipt by Landlord of a lesser amount than the rent payment herein stipulated shall be deemed to be other than on account of the rent, nor shall any endorsement or statement on any check or any letter accompanying any check or payment as rent be deemed an accord and satisfaction and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such rent or pursue any other remedy provided in this Lease. Tenant agrees that each of the foregoing covenants and agreements shall be applicable to any covenant or agreement either expressly contained in this Lease or imposed by any statute or at common law.

27.2 Binding Effect. The covenants and conditions herein contained, subject to the provisions as to assignment, apply to and bind the heirs, successors, executors, administrators and assigns of the parties hereto.

27.3 Brokers' Commissions. Landlord and Tenant hereby warrant to each other that they have had no dealings with any real estate broker or agent in connection with the negotiation of this Lease and that they know of no other real estate broker or agent who is entitled to a commission in connection with this Lease. Tenant hereby agrees to indemnify and hold harmless Landlord from and against any claims for brokers' commissions asserted by making a claim based on its representation and/or alleged representation of Tenant. Landlord hereby agrees to indemnify and hold harmless Tenant from and against any claims for brokers' commissions asserted by making a claim based on its representation and/or alleged representation of Landlord.

27.4 Captions, Table of Contents. The titles or captions of all Articles, Sections, or Sections, as well as the Table of Contents, contained herein, are for convenience and reference only, are not intended to define or limit the scope of any provisions of this Lease, and shall have no effect on the interpretation of any provision of this Lease.

27.5 Conflict of Laws and Venue. This Lease shall be governed by and construed pursuant to the laws of the State of California and any litigation concerning this Lease between the parties hereto shall be initiated in Los Angeles County.

27.6 Corporate Resolution. If Tenant is a corporation and the signators for Tenant are not two officers of the corporation as specified in California Civil Code Section 313, then prior to or contemporaneous with the execution of this Lease, Tenant shall provide to Landlord a certified copy of its corporate resolution depicting the names, titles and legal signatures of the officer or officers of the corporation authorized to execute legal documents, including this Lease, on behalf of Tenant. Within thirty (30) days after Tenant's receipt of Landlord's written request, Tenant shall provide to Landlord an updated corporate resolution depicting such names and legal signatures.

27.7 Covenants and Agreements. Each provision of this Lease performable by Tenant shall be deemed both a covenant and a condition. The failure of Landlord or Tenant to insist in any instance on the strict keeping, observance or performance of any covenant or agreement contained in this Lease, or the exercise of any election contained in this Lease shall not be construed as a waiver or relinquishment for the future of such covenant or agreement, but the same shall continue and remain in full force and effect.

27.8 Days. Unless otherwise specified, all references in this Lease to less than ten days shall mean business days and all references in this Lease to ten or more days shall mean calendar days. As used herein, "business days" shall mean every day of the year except for all Saturdays, Sundays, and days on which the City of Los Angeles does not open its city halls for normal business. All references to "notice" shall mean written notice given in compliance with Article 2. All references, if any, to "month" or "months" shall be deemed to include the actual number of days in such actual month or months.

27.9 Exhibits – Incorporation. All exhibits referred to are attached to this Lease and incorporated by reference.

27.10 Force Majeure. Except as otherwise provided in this Lease, whenever a day is established in this Lease on which, or a period of time, including a reasonable period of time, is designated within which, either party is required to do or complete any act, matter or thing, the time for the doing or completion thereof shall be extended by a period of time equal to the number of days on or during which such party is prevented from, or is unreasonably interfered with, the doing or completion of such act, matter or thing because of strikes, lockouts, embargoes, unavailability of services, labor or materials, disruption of service or brownouts from utilities not due to action or inaction of Landlord, wars, insurrections, rebellions, civil disorder, declaration of national emergencies, acts of God, or other causes beyond such party's reasonable control (financial inability excepted) ("Force Majeure"); provided, however, that nothing contained in this Section shall excuse Tenant from the prompt payment of any rental or other charge required of Tenant hereunder. Neither party shall be liable for, and in particular Tenant shall not be entitled to any abatement or reduction of rent or right to terminate by reason of, any such delays or failures or other inability to provide services or access under this Lease due to Force Majeure.

27.11 Limitation of Landlord's Liability.

27.11.1 Personal Liability. The obligations of Landlord hereunder do not constitute personal obligations of the individual partners, directors, officers or shareholders of Landlord. Thus, Tenant shall not seek recourse against the individual partners, directors, officers or shareholders of Landlord or any of their personal assets for satisfaction of any liability in respect to this Lease. Any liability of Landlord hereunder shall be limited to Landlord's interest in the Property.

27.11.2 Consequential Damages. Notwithstanding any contrary provision herein, in no event shall either Landlord or Tenant be liable under any circumstances for injury or damage to, or interference with, the others' business, including but not limited to, loss of profits or other revenues, or loss of business opportunity or loss of goodwill, in each case, however occurring.

27.12 Prohibition Against Recording. Neither this Lease, nor any memorandum, affidavit or other writing with respect thereto, shall be recorded by Tenant or by anyone acting through, under or on behalf of Tenant. However, Landlord acknowledges that this Lease shall be a public record subject to disclosure under the California Public Records Act.

27.13 No Partnership. Nothing contained in this Lease shall be deemed or construed to create the relationship of principal and agent or of partnership or of joint venture or of any association between Landlord and Tenant. Neither the method of computation of Rents nor any other provision contained in this Lease, nor any acts of the parties hereto, shall be deemed to create any relationship between Landlord and Tenant other than the relationship of landlord and tenant.

27.14 Partial Invalidity. If any provision or condition contained in this Lease shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such provision or condition to persons or circumstances other than those with respect to which it is invalid or unenforceable, shall not be affected thereby, and each and every other provision and condition of this Lease shall be valid and enforceable to the fullest extent possible permitted by law.

27.15 Accessibility Disclosure. As required by Section 1938(e) of the California Civil Code, Landlord hereby states as follows: "A Certified Access Specialist (CASP) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises." In furtherance of the foregoing, Landlord and Tenant hereby agree that any CASp inspection requested by Tenant shall be conducted, at Tenant's sole cost and expense, by a CASp approved in advance by Landlord.

If any such CASp inspection requested by Tenant indicates that repairs or modifications are required to cause the Premises to comply with applicable construction-related accessibility standards, then Landlord shall, at Landlord's sole cost and expense, perform such repairs; provided that Landlord shall have no obligation to repair or modify the Tenant Improvements and the Alterations.

27.16 Prior Agreement/Amendments. This Lease contains all of the agreements of the parties hereto with respect to any matter covered or mentioned in this Lease, and no prior agreement or understanding, oral or written, express or implied, pertaining to any such matter shall be effective for any purpose. No provision of this Lease may be amended or added to except by an agreement in writing signed by the parties hereto or their respective successors in interest. The parties acknowledge that all prior agreements, representations and negotiations are deemed superseded by the execution of this Lease to the extent they are not incorporated herein.

27.17 Quiet Possession. Upon Tenant paying the Rents required hereunder and observing and performing all of the covenants, conditions and provisions on Tenant's part to be observed and performed hereunder, Tenant shall have quiet possession of the Premises for the entire Term hereof, subject to all the provisions of this Lease.

27.18 Professional Fees. In the event that either party bring suit against the other because of the breach of any provisions of this Lease or with respect to matters arising from or related to this Lease, the prevailing party therein shall not be entitled to any costs and expenses, including, without limitation, actual and reasonable professional fees such as appraisers', accountants' and attorneys' fees, incurred by such prevailing party.

27.19 Signs. Tenant shall not place any sign upon the Premises or the Building without Landlord's prior written consent. Landlord hereby agrees that Tenant shall be permitted to install identification signage necessary to identify the shelter facility, its operating hours, and the services provided therein.

27.20 Time. Time is of the essence with respect to the performance of every provision of this Lease in which time or performance is a factor.

27.21 Unspecified Payment Date. Whenever a payment is required to be made by one party to the other under this Lease, but a specific date for payment or a specific number of days within which payment is to be made is not set forth in this Lease, or the words "immediately," "promptly" and/or "on demand," or their equivalent, are used to specify when such payment is due, then such payment shall be due thirty (30) days after the party which is entitled to such payment sends written notice to the other party demanding such payment. The terms of this Section 27.21 shall not be deemed to modify the terms of Section 6.6 above.

IN WITNESS WHEREOF, The City of Los Angeles, acting by and through its Department of General Services, as Tenant herein, and B.F.P.Z., LLC, as Landlord herein, have caused this Lease to be executed as of the date of the attestation by the City Clerk.

[signature page follows]

TENANT:

CITY OF LOS ANGELES, a municipal corporation, acting by and through its Department of General Services

By: [Signature]
Name: 1014m. RABU
Title: GM
Date: 5/22/19

5/24/19 Tmz

APPROVED AS TO FORM:

MICHAEL N. FEUER, City Attorney

By: [Signature]
Name: Edward Young
Title: Deputy City Attorney
Date: 5-20-19

ATTEST:

HOLLY L. WOLCOTT, City Clerk

By: [Signature]
Deputy

Date: 5-22-19
C-133218



LANDLORD:

B.F.P.Z., LLC,
a California limited liability company

By: [Signature]
Name: Moriz Kaboud
Title: Manager
Date: May/07/2019

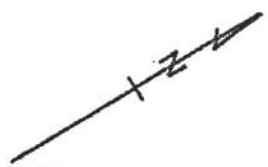
EXHIBIT A-1

PROPERTY

[TO BE ATTACHED]

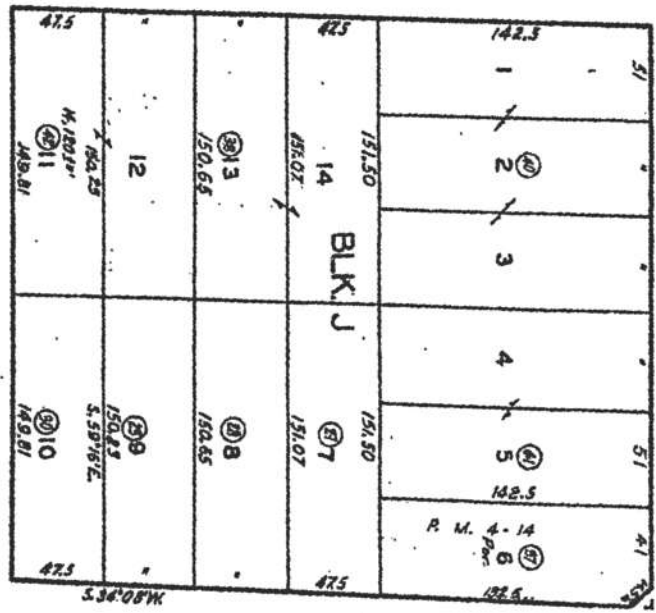
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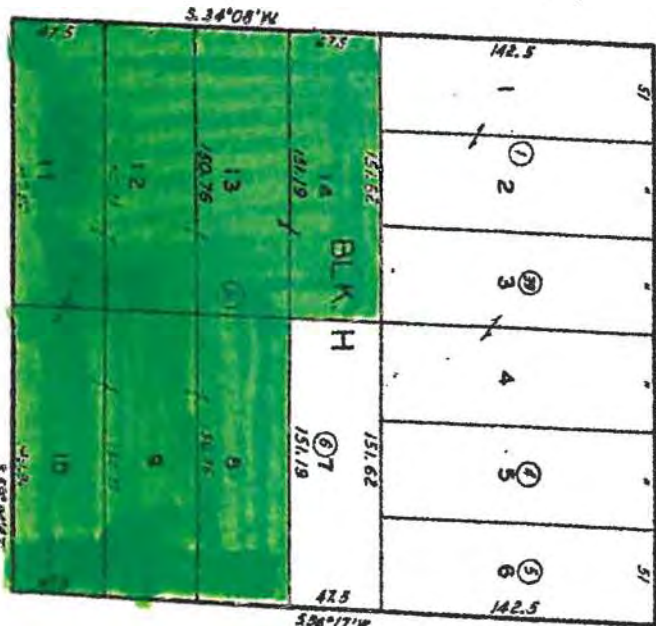
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14TH ST. 60

PL. 60

ASSESSOR'S MAP
COUNTY OF LOS ANGELES, CALIF.

CODE WALNUT GROVE TRACT
M.R. 22-9-10
15117
FOR PREV. ASMT. SEE: 25-38 & 37

REVISED
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EXHIBIT A-2

PREMISES

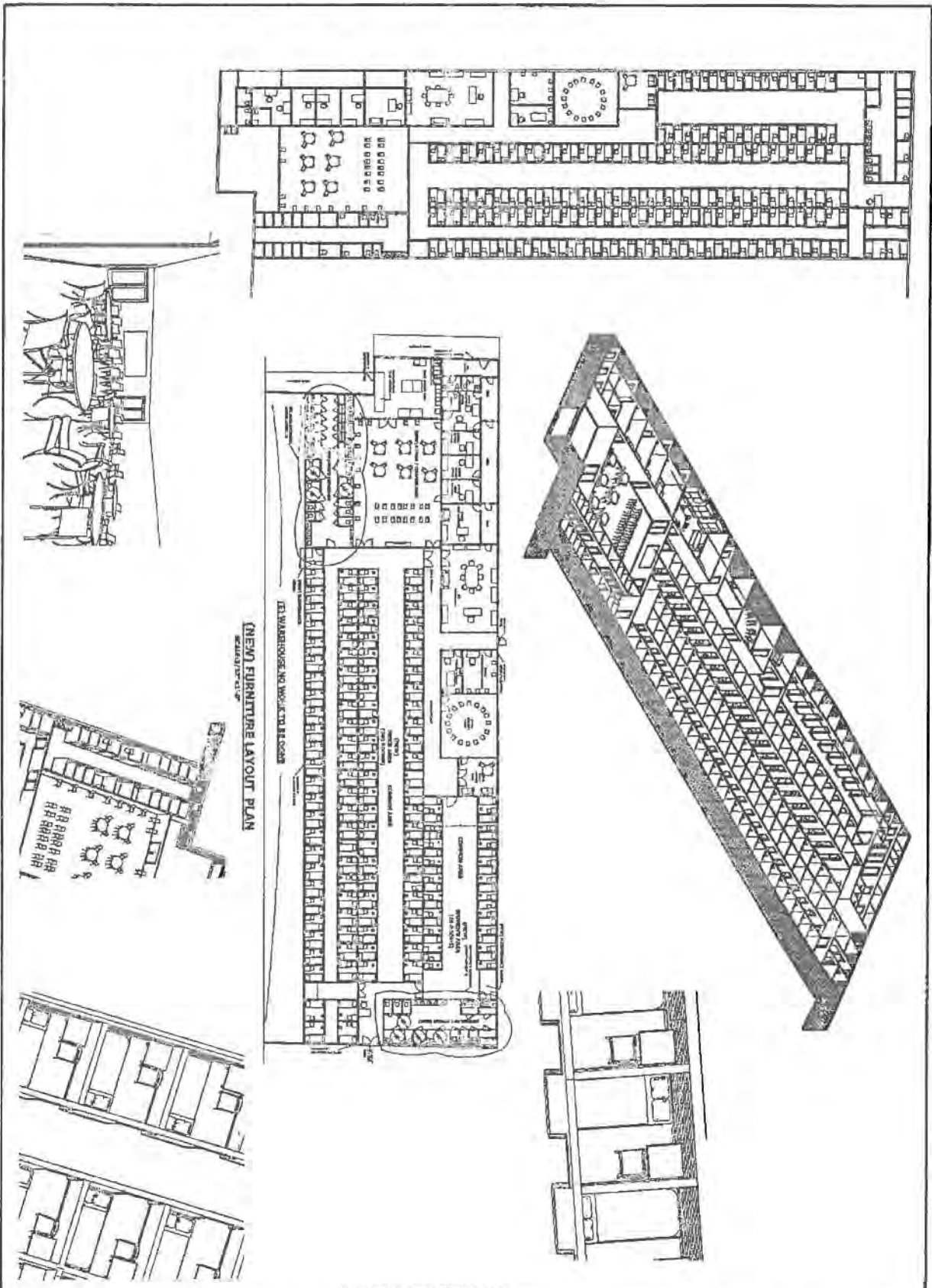
[TO BE ATTACHED]



EXHIBIT B

TENANT IMPROVEMENTS PLANS

[TO BE ATTACHED]

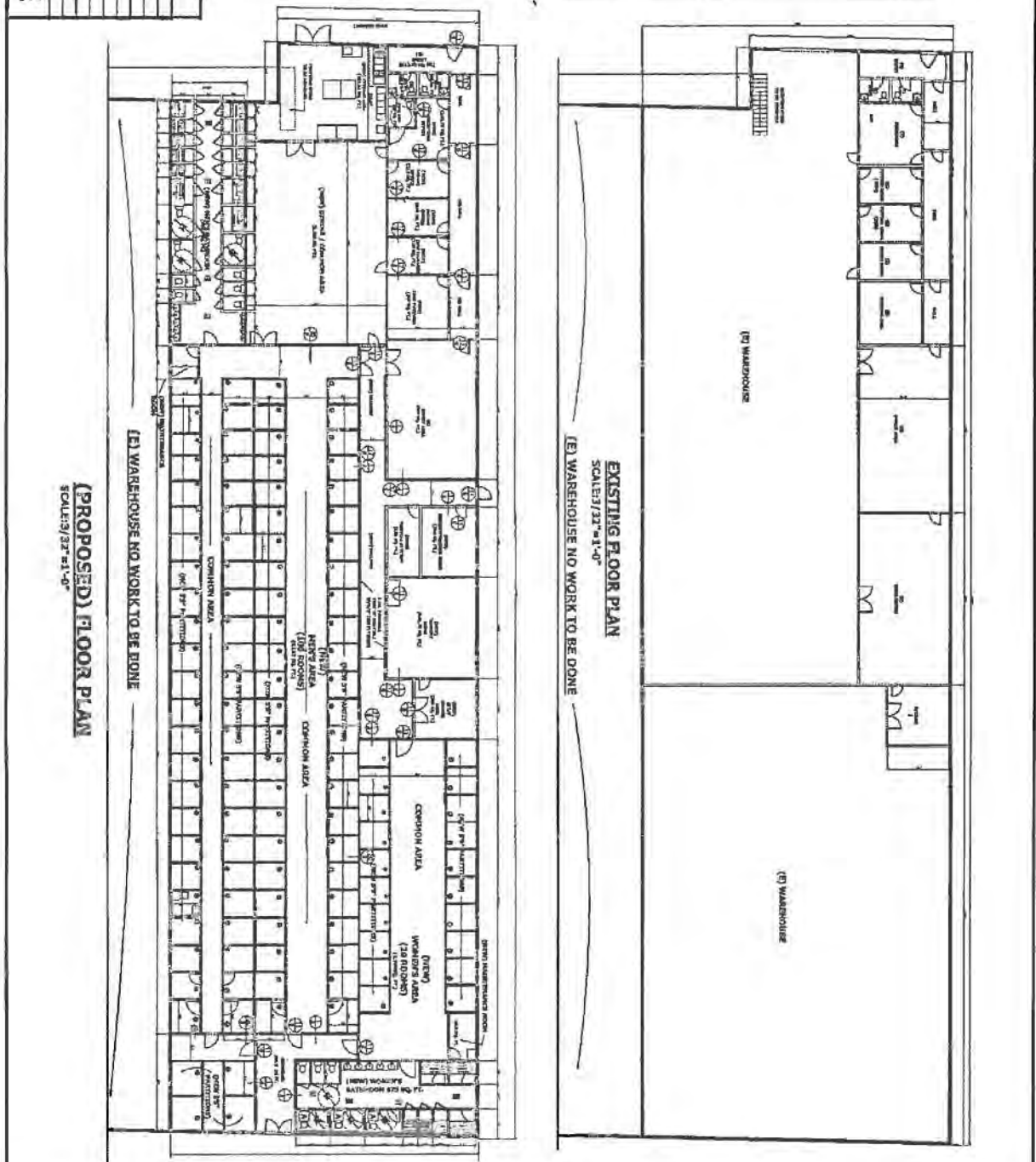


NEW FURNITURE LAYOUT PLAN

ARCHITECTURAL DESIGNER:

<p>1651 7511</p>	<p>BFPZ LLC 1426 PALOMA ST. LOS ANGELES CA. 90021 OWNER</p>	<p>TENANT IMPROVEMENT</p>	<p>CONCEPT OF DESIGN PLANNING & PLAN EXPEDITING 1123 W. CENTURY BLVD. LA CA 90044 (310)621-8436/DHARM:1123@AOL.COM</p>
----------------------	---	---------------------------	--

FINISH SCHEDULE			
ALL ROOMS	PAINTED GYP BD. (WHITE)	FLOORING CONCRETE FLOOR W/ SEALER	BASE (4" SHEET VINYL)
BATH ROOM			
SLEEPING AREAS			
COMMON AREAS			
KITCHEN			
HALLWAYS			
OFFICE AREA			
NEW CONCRETE PAD			
1) VACANCY / SENSOR PER T-34			
2) FAN SWITCH ONLY			
3) VANITY CABINET WITH SELF RIMMING SINK 1.2 GPM MAX FLOW.			
4) GFCI OUTLET - LOCATE WITHIN 36" OF SINK EDGE A MINIMUM 1.20 AMP BATHROOM CIRCUIT & SHALL HAVE NO OTHER OUTLET CIRCUIT			
5) TOILET 1.28 GAL. MIN. FLOW			
6) EXHAUST FAN 50 CFM/3 SONE W/ HUMIDISTAT			
7) BATHROOM/SHOWER			
8) BATHROOM VALVE & WASTEFLOW PROVIDE TUB ACCESS			
9) BATHROOM AND SHOWER WALLS WITH SHOWER HEAD INSTALLED SHALL BE FINISHED WITH A SMOOTH, NON-ABSORBANT SURFACE TO 72" ABOVE THE STANDING SURFACE. 2.0 GPM AT 80 PSI.			



2

BFPZ LLC

1426 PALOMA ST.

LOS ANGELES CA. 90021

OWNER

7591

AG-2010

9.25.2018

6.10.2020

ARCHITECTURAL DESIGNER:

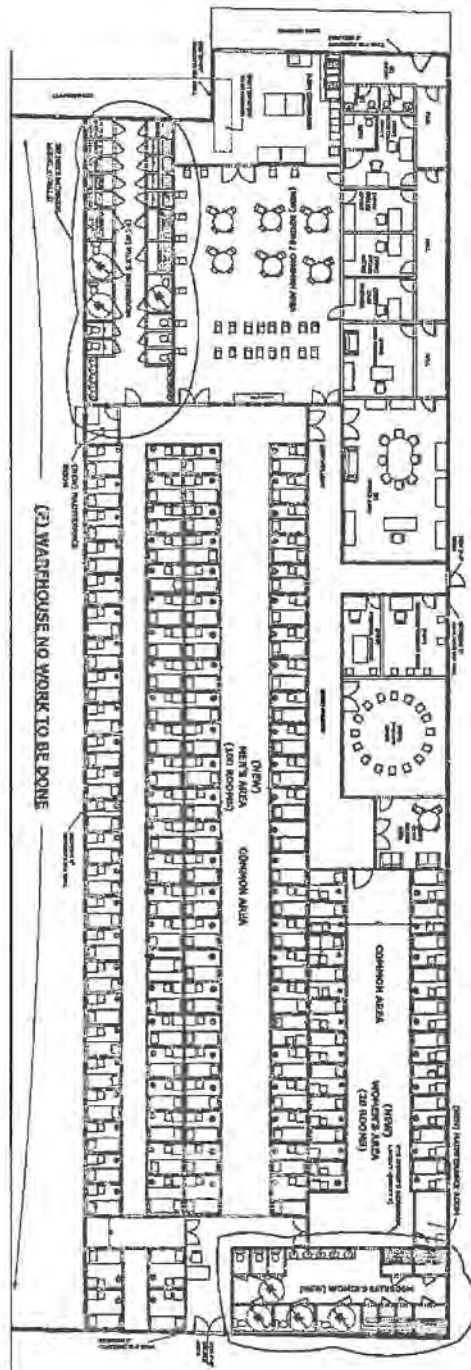
TENANT IMPROVEMENT

CONCEPT OF DESIGN

PLANING & PLAN EXPEDITING

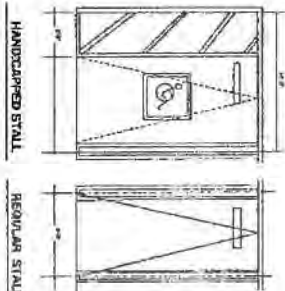
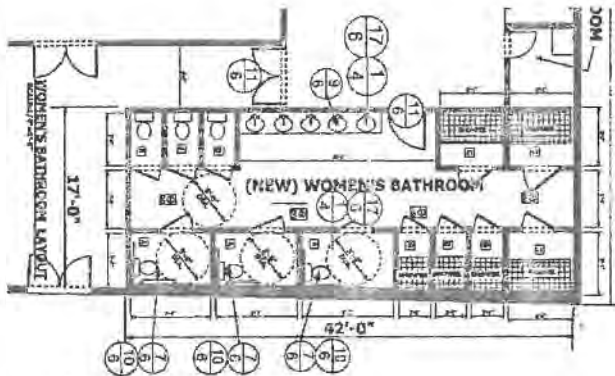
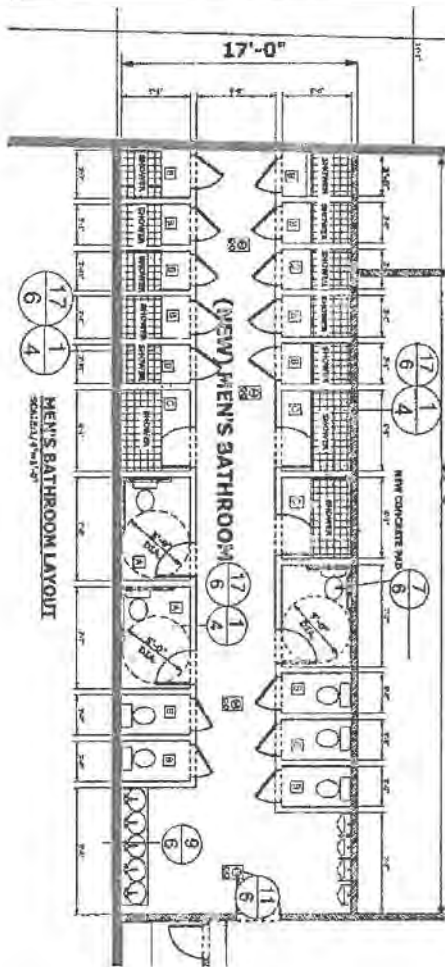
1123 W. CENTURY BLVD. LA CA 90044

(310)621-9436/DHARM1123@AOL.COM



(NEW) FURNITURE LAYOUT PLAN

SCALE: 1/32" = 1'-0"



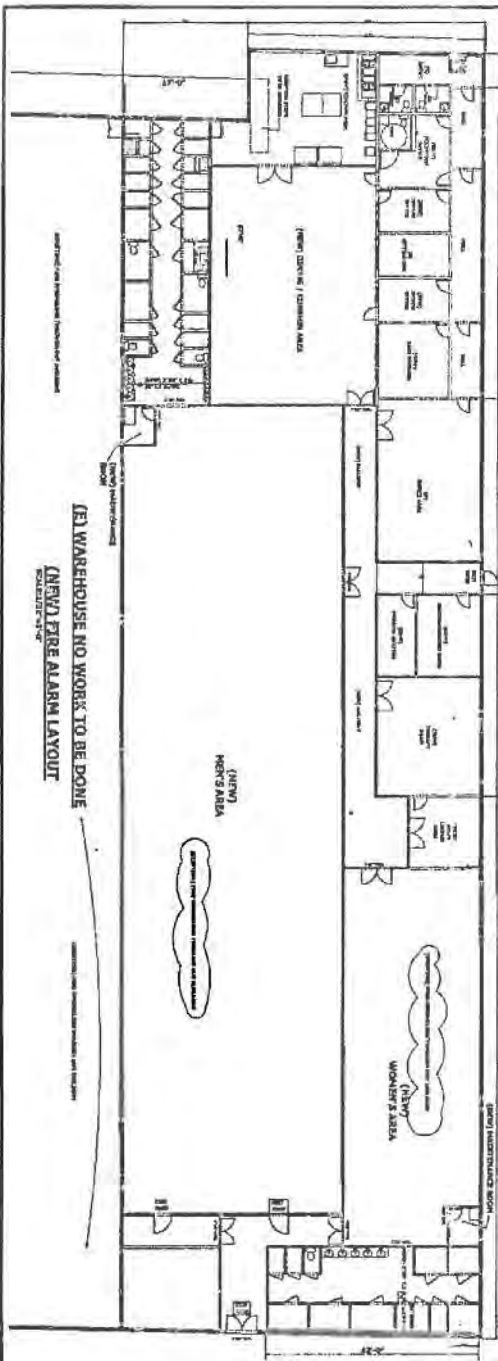
ARCHITECTURAL DESIGNER:

3

BFPZ LLC
1426 PALOMA ST.
LOS ANGELES CA. 90021
OWNER

TENANT IMPROVEMENT

CONCEPT OF DESIGN
PLANING & PLAN EXPEDITING
1123 W. CENTURY BLVD. LA CA 90044
(310) 621-8436/DHARM1123@AOL.COM



ARCHITECTURAL DESIGNER: _____

5

7591

BFPZ LLC
1426 PALOMA ST.
LOS ANGELES CA. 90021
 DWGNOU

TENANT IMPROVEMENT

CONCEPT OF DESIGN
 PLANNING & PLAN EXPEDITING
 1123 W. CENTURY BLVD, LA CA 90044
 (310) 621-8436/DHARM1123@AOL.COM

EXHIBIT C

INSURANCE REQUIREMENTS

[TO BE ATTACHED]

Required Insurance and Minimum Limits

Name: B.F.P.Z., LLC LeaseDate: 04/11/2019Agreement/Reference: Bridge Housing 1426 Paloma Street, Los Angeles California 90021

Evidence of coverages checked below, with the specified minimum limits, must be submitted and approved prior to occupancy/start of operations. Amounts shown are Combined Single Limits ("CSLs"). For Automobile Liability, split limits may be substituted for a CSL if the total per occurrence equals or exceeds the CSL amount.

Limits

☒ **Workers' Compensation - Workers' Compensation (WC) and Employer's Liability (EL)**
WC StatutoryEL \$1,000,000☒ Waiver of Subrogation in favor of City☐ Longshore & Harbor Workers☐ Jones Act

☒ **General Liability** At least \$3,000,000 aggregate GL coverage. City of Los Angeles must be named as an additional insured party.
\$1,000,000☒ Products/Completed Operations☐ Sexual Misconduct☐ Fire Legal Liability☐

Automobile Liability (for any and all vehicles used for this contract, other than commuting to/from work)

Professional Liability (Errors and Omissions)

Discovery Period _____

☒ **Property Insurance** (to cover replacement cost of building - as determined by insurance company)
☒ All Risk Coverage☐ Boiler and Machinery☐ Flood☐ Builder's Risk☐ Earthquake

Pollution Liability
☐

Surety Bonds - Performance and Payment (Labor and Materials) Bonds

100% of the contract price

Crime Insurance

Other: Submitted to Paul Burke (213-922-8554) at GSD, April 11, 2019.

1) In the absence of imposed Auto Liability requirements, all contractors using vehicles during the course of their contract must adhere to the financial responsibility laws of the State of California.

**Property Insurance to cover at least the value of the building.

EXHIBIT D

FORM OF TENANT ESTOPPEL CERTIFICATE

[_____]

Ladies and Gentlemen:

The undersigned, City of Los Angeles ("Tenant"), as tenant under a lease (the "Lease") of certain premises dated _____, 2019 executed by Tenant and B.F.P.Z., LLC ("Landlord"), does hereby state, declare, represent and warrant that, as of the date of this certificate and to the best knowledge of the undersigned:

1. The copy of the Lease attached hereto as Exhibit A is a true and correct copy of the Lease and the Lease is in full force and effect and has not been amended, supplemented or changed, except as follows [if none, so state]:
2. Tenant has accepted possession of the premises demised under the Lease. Tenant acknowledges that the term commenced on _____, 20__ and shall expire on _____, 20__, unless sooner terminated or extended in accordance with the terms of the Lease.
3. No default or event that with the passing of time or the giving of notice, or both, would constitute a default (referred to herein collectively as a "default") on the part of the undersigned exists under the Lease in the performance of the terms, covenants and conditions of the Lease required to be performed on the part of the undersigned.
4. No default on the part of Landlord exists under the Lease in the performance of the terms, covenants and conditions of the Lease required to be performed on the part of Landlord.
5. Tenant has no option or right to purchase the property of which the premises are a part, or any part thereof.
6. No rentals are accrued and unpaid under the Lease.
7. No prepayments of rentals due under the Lease have been made. A security deposit of \$_____ has been made by Tenant and delivered to the Landlord.
8. The undersigned has no defense as to its obligations under the Lease and claims no setoff or counterclaim against Landlord.
9. The undersigned has not received notice of any assignment, hypothecation, mortgage, or pledge of Landlord's interest in the Lease or the rents or other amounts payable thereunder.

_____[TENANT]_____,
a _____
By: _____
Name: _____
Its: _____
By: _____
Name: _____
Its: _____

EXHIBIT E

FORM OF SNDA

SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT

THIS SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT ("**Agreement**") is entered into as of _____, 2019 (the "**Effective Date**") by and between _____ (together with its successors and assigns, the "**Mortgagee**"), and **CITY OF LOS ANGELES** (hereinafter, collectively the "**Tenant**"), with reference to the following facts:

A. B.F.P.Z., LLC, whose address is _____ (the "**Landlord**"), owns fee simple title or a leasehold interest in the real property described in Exhibit "A" attached hereto (the "**Property**").

B. Mortgagee has made a loan to Landlord in the original principal amount of _____ Dollars (\$_____) (the "**Loan**").

C. To secure the Loan, Landlord has encumbered all of the Property by entering into a Mortgage in favor of Mortgagee (as amended, increased, renewed, extended, spread, consolidated, severed, restated, or otherwise changed from time to time, the "**Mortgage**") to be recorded in the Office of the Los Angeles County Registrar-Recorder / County Clerk, State of California.

D. Pursuant to the Lease effective _____, 2019, (the "**Lease**"), Landlord demised to Tenant a portion of the Property. Tenant currently leases approximately _____ rentable square feet within the building located on the Property, along with certain parking and loading areas adjacent to the Building (all as more particularly defined in the Lease) (the "**Leased Premises**").

E. Tenant and Mortgagee desire to agree upon the relative priorities of their interests in the Property and their rights and obligations if certain events occur.

NOW, THEREFORE, for good and sufficient consideration, Tenant and Mortgagee agree:

1. Definitions. The following terms shall have the following meanings for purposes of this Agreement.

a. Foreclosure Event. A "**Foreclosure Event**" means: (i) foreclosure under the Mortgage; (ii) any other exercise by Mortgagee of rights and remedies (whether under the

Mortgage or under applicable law, including bankruptcy law) as holder of the Loan and/or the Mortgage, as a result of which a Successor Landlord becomes owner of the Property; or (iii) delivery by Landlord to Mortgagee (or its designee or nominee) of a deed or other conveyance of Landlord's interest in the Property in lieu of any of the foregoing.

b. Former Landlord. A "**Former Landlord**" means Landlord and any other party that was landlord under the Lease at any time before the occurrence of any attornment under this Agreement.

c. Offset Right. An "**Offset Right**" means any right or alleged right of Tenant to any offset, defense (other than one arising from actual payment and performance, which payment and performance would bind a Successor Landlord pursuant to this Agreement), claim, counterclaim, reduction, deduction, or abatement against Tenant's payment of Rent or performance of Tenant's other obligations under the Lease, arising (whether under the Lease or under applicable law) from Landlord's breach or default under the Lease.

d. Rent. The "**Rent**" means any fixed rent, base rent or additional rent under the Lease.

e. Successor Landlord. A "**Successor Landlord**" means any party that becomes owner of the Property as the result of a Foreclosure Event.

f. Termination Right. A "**Termination Right**" means any right of Tenant to cancel or terminate the Lease or to claim a partial or total eviction arising (whether under the Lease or under applicable law) from Landlord's breach or default under the Lease.

g. Other Capitalized Terms. If any capitalized term is used in this Agreement and no separate definition is contained in this Agreement, then such term shall have the same respective definition as set forth in the Lease.

2. Subordination. The Lease, as the same may hereafter be modified, amended or extended, shall be, and shall at all times remain, subject and subordinate to the lien imposed by the Mortgage, and all advances made under the Mortgage.

3. Nondisturbance, Recognition and Attornment.

a. No Exercise of Mortgage Remedies Against Tenant. So long as the Tenant is not in default under this Agreement or under the Lease beyond any applicable grace or cure periods (an "**Event of Default**"), Mortgagee (i) shall not terminate or disturb Tenant's possession of the Leased Premises under the Lease, except in accordance with the terms of the Lease and this Agreement and (ii) shall not name or join Tenant as a defendant in any exercise of Mortgagee's rights and remedies arising upon a default under the Mortgage unless applicable law requires Tenant to be made a party thereto as a condition to proceeding against Landlord or prosecuting such rights and remedies. In the latter case, Mortgagee may join Tenant as a defendant in such action only for such purpose and not to terminate the Lease or otherwise adversely affect Tenant's rights under the Lease or this Agreement in such action.

b. Recognition and Attornment. Upon Successor Landlord taking title to the Property (i) Successor Landlord shall be bound to Tenant under all the terms and conditions of the Lease (except as provided in this Agreement); (ii) Tenant shall recognize and attorn to Successor Landlord as Tenant's direct landlord under the Lease as affected by this Agreement; and (iii) the Lease shall continue in full force and effect as a direct lease, in accordance with its terms (except as provided in this Agreement), between Successor Landlord and Tenant. Tenant hereby acknowledges notice that pursuant to the Mortgage and assignment of rents, leases and profits, Landlord has granted to the Mortgagee an absolute, present assignment of the Lease and Rents which provides that Tenant continue making payments of Rents and other amounts owed by Tenant under the Lease to the Landlord and to recognize the rights of Landlord under the Lease until notified otherwise in writing by the Mortgagee. After receipt of such notice from Mortgagee, the Tenant shall thereafter make all such payments directly to the Mortgagee or as the Mortgagee may otherwise direct, without any further inquiry on the part of the Tenant. Landlord consents to the foregoing and waives any right, claim or demand which Landlord may have against Tenant by reason of such payments to Mortgagee or as Mortgagee directs.

c. Further Documentation. The provisions of this Article 3 shall be effective and self-operative without any need for Successor Landlord or Tenant to execute any further documents. Tenant and Successor Landlord shall, however, confirm the provisions of this Article 3 in writing upon request by either of them within ten (10) days of such request.

4. Protection of Successor Landlord. Notwithstanding anything to the contrary in the Lease or the Mortgage, Successor Landlord shall not be liable for or bound by any of the following matters:

a. Claims Against Former Landlord. Any Offset Right that Tenant may have against any Former Landlord relating to any event or occurrence before the date of attornment, including any claim for damages of any kind whatsoever as the result of any breach by Former Landlord that occurred before the date of attornment. The foregoing shall not limit Tenant's right to exercise against Successor Landlord any Offset Right otherwise available to Tenant because of events occurring after the date of attornment.

b. Prepayments. Any payment of Rent that Tenant may have made to Former Landlord more than thirty (30) days before the date such Rent was first due and payable under the Lease with respect to any period after the date of attornment other than, and only to the extent that, the Lease expressly required such a prepayment.

c. Payment; Security Deposit; Work. Any obligation: (i) to pay Tenant any sum(s) that any Former Landlord owed to Tenant unless such sums, if any, shall have been actually delivered to Mortgagee by way of an assumption of escrow accounts or otherwise; (ii) with respect to any security deposited with Former Landlord, unless such security was actually delivered to Mortgagee; (iii) to commence or complete any initial construction of improvements in the Leased Premises or any expansion or rehabilitation of existing improvements thereon, unless required of Landlord under the Lease; (iv) to reconstruct or repair improvements following a fire, casualty or condemnation, unless required of Landlord under the Lease; or (v) arising from representations and warranties related to Former Landlord.

d. Modification, Amendment or Waiver. Any modification or amendment of the Lease, or any waiver of the terms of the Lease, made without Mortgagee's written consent.

e. Surrender, Etc. Any consensual or negotiated surrender, cancellation, or termination of the Lease, in whole or in part, agreed upon between Landlord and Tenant, unless effected unilaterally by Tenant pursuant to the express terms of the Lease.

5. Exculpation of Successor Landlord. Notwithstanding anything to the contrary in this Agreement or the Lease, Successor Landlord's obligations and liability under the Lease shall never extend beyond Successor Landlord's (or its successors' or assigns') interest, if any, in the Property from time to time, including without limitation, insurance and condemnation proceeds, security deposits, escrows, Successor Landlord's interest in the Lease, and the proceeds from any sale, lease or other disposition of the Property (or any portion thereof) by Successor Landlord (collectively, the "**Successor Landlord's Interest**"). Tenant shall look exclusively to Successor Landlord's Interest (or that of its successors and assigns) for payment or discharge of any obligations of Successor Landlord under the Lease as affected by this Agreement. If Tenant obtains any money judgment against Successor Landlord with respect to the Lease or the relationship between Successor Landlord and Tenant, then Tenant shall look solely to Successor Landlord's Interest (or that of its successors and assigns) to collect such judgment. Tenant shall not collect or attempt to collect any such judgment out of any other assets of Successor Landlord.

6. Mortgagee's Right to Cure. Notwithstanding anything to the contrary in the Lease or this Agreement, before exercising any Offset Right or Termination Right:

a. Notice to Mortgagee. Tenant shall provide Mortgagee with notice of the breach or default by Landlord giving rise to same (the "**Default Notice**") and, thereafter, the opportunity to cure such breach or default as provided for below.

b. Mortgagee's Cure Period. After Mortgagee receives a Default Notice, Mortgagee shall have a period of thirty (30) days beyond the time available to Landlord under the Lease in which to cure the breach or default by Landlord. Mortgagee shall have no obligation to cure (and shall have no liability or obligation for not curing) any breach or default by Landlord, except to the extent that Mortgagee agrees or undertakes otherwise in writing. In addition, as to any breach or default by Landlord the cure of which requires possession and control of the Property, provided that Mortgagee undertakes by written notice to Tenant to exercise reasonable efforts to cure or cause to be cured by a receiver such breach or default within the period permitted by this paragraph, Mortgagee's cure period shall continue for such additional time (the "**Extended Cure Period**") as Mortgagee may reasonably require to either: (i) obtain possession and control of the Property with due diligence and thereafter cure the breach or default with reasonable diligence and continuity; or (ii) obtain the appointment of a receiver and give such receiver a reasonable period of time in which to cure the default.

7. Miscellaneous.

a. Notices. Any notice or request given or demand made under this Agreement by one party to the other shall be in writing, and may be given or be served by hand delivered personal service, or by depositing the same with a reliable overnight courier service or by deposit

in the United States mail, postpaid, registered or certified mail, and addressed to the party to be notified, with return receipt requested. Notice deposited in the mail in the manner hereinabove described shall be effective from and after the expiration of three (3) days after it is so deposited; however, delivery by overnight courier service shall be deemed effective on the next succeeding business day after it is so deposited and notice by personal service shall be deemed effective when delivered to its addressee. For purposes of notice, the addresses of the parties shall, until changed as herein provided, be as follows:

- i. If to the Mortgagee, at:

Attn: _____

- ii. If to the Tenant, at:

b. Successors and Assigns. This Agreement shall bind and benefit the parties, their successors and assigns, any Successor Landlord, and its successors and assigns. If Mortgagee assigns the Mortgage, then upon delivery to Tenant of written notice thereof accompanied by the assignee's written assumption of all obligations under this Agreement, all liability of the assignor shall terminate.

c. Entire Agreement. This Agreement constitutes the entire agreement between Mortgagee and Tenant regarding the subordination of the Lease to the Mortgage and the rights and obligations of Tenant and Mortgagee as to the subject matter of this Agreement.

d. Interaction with Lease and with Mortgage. If this Agreement conflicts with the Lease, then this Agreement shall govern as between the parties and any Successor Landlord, including upon any attornment pursuant to this Agreement. This Agreement supersedes, and constitutes full compliance with, any provisions in the Lease that provide for subordination of the Lease to, or for delivery of nondisturbance agreements by the holder of, the Mortgage.

e. Mortgagee's Rights and Obligations. Except as expressly provided for in this Agreement, Mortgagee shall have no obligations to Tenant with respect to the Lease. If an attornment occurs pursuant to this Agreement, then all rights and obligations of Mortgagee under this Agreement shall terminate, without thereby affecting in any way the rights and obligations of Successor Landlord provided for in this Agreement.

f. Interpretation; Governing Law. The interpretation, validity and enforcement of this Agreement shall be governed by and construed under the internal laws of the State in which the Leased Premises are located, excluding such State's principles of conflict of laws.

g. Amendments. This Agreement may be amended, discharged or terminated, or any of its provisions waived, only by a written instrument executed by the party to be charged.

h. Due Authorization. Tenant represents to Mortgagee that it has full authority to enter into this Agreement, which has been duly authorized by all necessary actions. Mortgagee represents to Tenant that it has full authority to enter into this Agreement, which has been duly authorized by all necessary actions.

i. Execution. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

[THIS SPACE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Mortgagee and Tenant have caused this Agreement to be executed as of the date first above written.

MORTGAGEE:

By: _____

Name: _____

Title: _____

TENANT:

a _____

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

LANDLORD'S CONSENT

Landlord consents and agrees to the foregoing Agreement, which was entered into at Landlord's request. The foregoing Agreement shall not alter, waive or diminish any of Landlord's obligations under the Mortgage or the Lease. The above Agreement discharges any obligations of Mortgagee under the Mortgage and related loan documents to enter into a nondisturbance agreement with Tenant. Landlord is not a party to the above Agreement.

LANDLORD:

B.F.P.Z., LLC

By: 

Name: Moiz Kaboud

Title: Manager

Dated: May 07 2019

Exhibit B
Sublease
[attached]

**SUBLEASE
BETWEEN
CITY OF LOS ANGELES
AND
HOME AT LAST COMMUNITY DEVELOPMENT CORPORATION**

SUBLEASE SUMMARY

For information purposes only - not part of sublease

CONTRACT NO.:

CF NO.: 15-1138-S37 /19-0106

CityLaw File No.: _____

Council Approval Date: 4-16-19

EBO STATUS:

CAO Date:

LWO STATUS:

CAO Date:

SDO STATUS:

SDO Affidavit Receipt Date: _____

CRO STATUS:

CRO questionnaire Receipt Date: _____

EEO STATUS:

EEO/AA Certification Receipt Date: _____

ADDRESS:

1426 Paloma Street, Los Angeles, California 90021

SQ. FEET:

Approximately 17,917 rentable square feet of space within an existing warehouse (approximately half of the warehouse)

LANDLORD:

City of Los Angeles

TENANT:

Home at Last Community Development Corporation

USE:

Interim housing/shelter for the homeless

INITIAL TERM:

Scheduled to expire in three (3) years

OPTION:

One (1) option for an additional term of seven (7) years, in favor of Landlord

RENT:

\$0; as material consideration, Tenant shall operate the shelter and provide services, all in accordance with funding requirements of the County of Los Angeles

TI BUILDOUT:

Tenant, at its sole cost and expense, shall design and construct all of the tenant improvements within the premises; except that Master Landlord is obligated to contribute \$30,000 to such buildout

UTILITIES:

Tenant shall pay for utilities that service the Premises

CUSTODIAL:

Tenant shall provide its own custodial services for the Premises

- MAINTENANCE: Master Landlord shall be obligated to maintain the Building and all Building systems; Tenant shall be responsible for day-to-day maintenance within the Premises; as more particularly described in the sublease
- SECURITY: Tenant shall provide adequate security onsite at all times; the security personnel shall have experience and special training in working with the homeless population
- PARKING: Tenant shall have the sole right to use, at no additional cost, 6 on-site reserved parking spaces within the Premises, of which at least 2 parking spaces shall be accessible to disabled individuals and in compliance with ADA

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EXHIBITS

EXHIBIT A:	MASTER LEASE
EXHIBIT B:	SERVICE CONTRACT LETTER OF INTENT
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**SUBLEASE
BETWEEN
CITY OF LOS ANGELES
AND
HOME AT LAST COMMUNITY DEVELOPMENT CORPORATION**

ARTICLE 1 BASIC PROVISIONS

5-20
1.1 Date and Parties. This Sublease ("Lease") is dated, for reference purposes only, as of ~~May 6~~, 2019, and is entered into by and between CITY OF LOS ANGELES, as landlord hereunder ("Landlord" or "City"), and HOME AT LAST COMMUNITY DEVELOPMENT CORPORATION, as tenant hereunder ("Tenant"), upon the provisions and conditions contained in this Lease. Landlord is a municipal corporation, organized under the laws of the State of California, acting by and through its Department of General Services, Asset Management Division, located at Suite 201, City Hall South, 111 East First Street, Los Angeles, CA 90012. Tenant is a California nonprofit public benefit corporation, with its principal office at the address set forth in Section 2.2 below.

1.2 Capacity of Landlord. Except where clearly and expressly provided otherwise in this Lease, the capacity of City in this Lease shall be as a landlord only, and any obligations or restrictions imposed by this Lease on City shall be limited to that capacity and shall not relate to or otherwise affect any activity of the City in its governmental capacity, including, but not limited to, enacting laws, inspecting structures, reviewing and issuing permits, and all other legislative, administrative, or enforcement functions of the City pursuant to federal, state, or local law.

1.3 Execution Date. The term "Execution Date" shall mean the date the Office of the City Clerk of Los Angeles attests this Lease, except in the event that Tenant executes this Lease after such attestation, in which case the date of such execution by Tenant shall be the Execution Date. This Lease shall take effect upon the Execution Date.

1.4 Subordinate to Master Lease. This Lease is expressly subject and subordinate to the terms and conditions of the Master Lease (as defined below). Tenant shall not commit or permit to be committed on the Property (as defined in the Master Lease) or on the Premises (as defined below) any act or omission that violates any term or condition of the Master Lease.

ARTICLE 2 NOTICES

2.1 Notices. All notices and demands which may or are required or permitted to be given by either party to the other hereunder shall be in writing. All notices and demands shall be personally delivered (including by means of professional messenger service), sent by United States registered or certified mail, postage prepaid, return receipt requested, or transmitted by telecopier (e.g., Fax), followed by hard copy sent by United States regular mail, in which case the receiving party shall immediately confirm receipt of such telecopied notice. All notices are effective upon receipt. The contract number of this Lease (i.e., # _____) shall be included in all notices.

For the purposes of such notices, the addresses for the parties are set forth in Section 2.2 below. Either party may from time to time designate another person or place in a notice.

2.2 Notices - Where Sent. All notices given under this Lease that are mailed or telecopied shall be addressed to the respective parties as follows:

<p>If to Landlord:</p> <p>City of Los Angeles c/o Department of General Services Asset Management Division Suite 201, City Hall South 111 East First Street Los Angeles, CA 90012 Fax: (213) 922-8511</p>	<p><i>With a copy to:</i></p> <p>Office of the City Attorney Real Property/Environment Division 700 City Hall East 200 North Main Street Los Angeles, CA 90012 Fax: (213) 978-8090</p>
<p>If to Tenant:</p> <p>Home at Last Community Development Corporation 3425 West Manchester Blvd Inglewood California 90305</p> <p>ATTN: Michael Young</p>	<p><i>With a copy to:</i></p> <p>_____</p> <p>_____</p> <p>_____</p> <p>ATTN: _____</p>

ARTICLE 3 USE

3.1 Use. Tenant shall use the Premises (as defined below) solely for the purpose of operating an interim housing/shelter for the homeless with approximately 120 beds, along with its ancillary uses, including without limitation the provision of services to the residents of such interim housing/shelter, and such use shall at all times be: (i) in accordance with Tenant's obligations under the Service Contract (as defined below); (ii) in conformance with the obligations of the City under that certain lease between the City and B.F.P.Z., LLC ("Master Landlord"), dated as of May 20, 2019, a copy of which is attached hereto as **Exhibit A** ("Master Lease"); and (iii) in full compliance with all applicable laws and regulations. Tenant shall use the Premises in a manner that minimizes disturbance to the neighbors. As a material consideration of this Lease, no later than 60 calendar days prior to the TI Completion Deadline (as defined in Section 8.3 below), Tenant shall deliver to Landlord a copy of a fully-executed agreement ("Service Contract") between Tenant and the County of Los Angeles (or its authorized agent), which agreement shall: (i) have a term that is not less than three years; (ii) specify Tenant's obligations as operator of the Premises; (iii) provide funding from the County of Los Angeles to the Tenant in amounts and frequencies necessary for Tenant's operation of the Premises in accordance with this Lease; and (iv) be consistent with the Letter of Intent attached hereto as **Exhibit B** (except that the bed count shall be 120 instead of 119). Notwithstanding anything to the contrary herein, including without

limitation Article 21 hereof, Tenant's failure to deliver the Service Contract on or prior to the deadline set forth in this section shall immediately constitute an Event of Default (as defined in Article 21) by Tenant.

ARTICLE 4 PREMISES

4.1 Ownership of Premises. Landlord is the tenant under the Master Lease. Accordingly, Landlord holds a leasehold interest in that certain real property identified in the Master Lease as the "Premises" thereunder. As used herein, the term "Premises" shall have the same meaning ascribed thereto in the Master Lease. For purposes of convenience, Premises is depicted on **Exhibit C** attached hereto.

4.2 Lease of Premises. Subject at all times to the Master Lease, Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, the Premises, all in accordance with the terms and provisions of this Lease (which includes all of its exhibits).

ARTICLE 5 TERM

5.1 Term.

5.1.1 Initial Term. The "Term" of this Lease shall commence on the Lease Commencement Date (as defined below) and is scheduled to expire at 11:59 p.m. on the Lease Termination Date (as defined below), subject to the Extension Option (as defined below) and early termination as provided in this Lease.

5.1.2 Extension Option. Landlord shall have one (1) option to extend the Term for an additional seven (7) year period ("Extension Option") upon the same lease provisions and conditions. The Extension Option shall extend the Term if Landlord, at its sole and absolute discretion, exercises the Extension Option by providing Tenant written notice of Landlord's election to exercise the Extension Option, which notice shall be sent to Tenant no less than thirty (30) months after the Execution Date.

5.2 Lease Dates.

5.2.1 Lease Commencement Date. The "Lease Commencement Date" shall be the Execution Date of this Lease.

5.2.2 Lease Termination Date. The "Lease Termination Date" shall be the earlier of either of the following: (i) the Lease Termination Date of the Master Lease (as defined in Section 5.2.2 of the Master Lease) or (ii) the day the Service Contract expires or is terminated without renewal thereof (either through an amendment thereto or a new contract). Notwithstanding anything herein to the contrary, at any time during the Term, if the Master Lease is terminated, then this Lease shall automatically terminate.

5.3 Holdover. If Tenant holds over after the expiration of the Term with the express written consent of Landlord, such tenancy shall be from month-to-month only, and shall not constitute a renewal hereof or an extension for any further term. Such month-to-month tenancy shall be subject to every applicable term, covenant and agreement contained herein. If Tenant

holds over after the expiration of the Term without the express written consent of Landlord, such tenancy shall be a tenancy at sufferance, and shall not constitute a renewal hereof or an extension for any further term, and in such case daily damages in any action to recover possession of the Premises shall be calculated at a daily rate equal to all of Landlord's daily financial obligations owed to Master Landlord under the Master Lease during such tenancy at sufferance. Nothing contained in this Section 5.3 shall be construed as consent by Landlord to any holding over by Tenant, and Landlord expressly reserves the right to require Tenant to vacate and deliver possession of the Premises to Landlord as provided in this Lease upon the expiration or other termination of this Lease. The provisions of this Section 5.3 shall not be deemed to limit or constitute a waiver of any other rights or remedies of Landlord provided herein or at law. If Tenant holds over without Landlord's express written consent, and tenders payment of rent for any period beyond the expiration of the Term by way of check (whether directly to Landlord, its agents, or to a lock box) or wire transfer, Tenant acknowledges and agrees that the cashing of such check or acceptance of such wire shall be considered inadvertent and not be construed as creating a month-to-month tenancy, provided Landlord refunds such payment to Tenant promptly upon learning that such check has been cashed or wire transfer received.

5.4 Surrender of Premises. Upon expiration or termination of the Term, Tenant shall quit and surrender possession of the Premises to Landlord in substantially the same order and condition as when Tenant took possession and as thereafter improved by or with the consent of Master Landlord (including the "Tenant Improvements" and "Alterations", which terms are defined below), except for: (i) reasonable wear and tear; (ii) casualty suffered by the Premises (or applicable portion(s) thereof); (iii) Master Landlord's repair obligations under the Master Lease; and (iv) Tenant's removal obligations set forth in this Lease. The voluntary or other surrender of this Lease by Tenant, or a mutual cancellation thereof, shall not work a merger, and shall, at the option of Landlord, operate as an assignment to it of any or all subleases or subtenancies. No act or thing done by Landlord or any agent or employee of Landlord during the Term shall be deemed to constitute an acceptance by Landlord of a surrender of the Premises unless such intent is specifically acknowledged in a writing signed by Landlord. The delivery of keys to the Premises to Landlord or any agent or employee of Landlord shall not constitute a surrender of the Premises or effect a termination of this Lease, whether or not the keys are thereafter retained by Landlord, and notwithstanding such delivery, Tenant shall be entitled to the return of such keys at any reasonable time upon request until this Lease shall have been properly terminated.

5.5 Condition of Surrendered Premises. Upon the expiration or termination of the Term, Tenant shall peaceably surrender the Premises and all alterations and additions thereto, broom-clean, in good order, repair and condition, reasonable wear and tear excepted, and shall comply with the provisions of Article 12 hereof. Upon such expiration or termination, Tenant shall, without expense to Landlord, remove or cause to be removed from the Premises all debris and rubbish, and such items of furniture, equipment, freestanding cabinet work, and other articles of personal property owned by Tenant (but Tenant shall have no obligation to remove any Tenant Improvements and Alterations that may be installed with the consent of Master Landlord), and Tenant shall repair at its own expense all damage to the Premises resulting from such removal.

ARTICLE 6 RENT

6.1 Base Rent. Tenant is not required to pay any base rent, provided that Tenant continuously provide all those services it is required to provide under the Service Contract, to the satisfaction of the County of Los Angeles ("County"), who ultimately funds such services.

6.2 Costs to be Paid by Tenant. The following costs and expenses shall be Tenant's sole responsibility: (i) costs of utilities (water, gas, and electricity) for the Premises, to the extent that such utilities service only the Premises and not any other portion of the Property (as defined in the Master Lease); (ii) cost of day-to-day maintenance of the Premises, as specified below; (iii) cost of providing Tenant's own custodial services for the Premises; (iv) costs of the Tenant Improvements; and (v) costs of the Alterations, if any. Notwithstanding anything herein to the contrary, Tenant agrees that, other than Landlord's obligation to pay monthly Base Rent (as defined in the Master Lease) to the Master Landlord, Landlord shall have no obligation to pay for any fees, costs, and expenses associated with Tenant's use and/or occupancy of the Premises. Accordingly, other than Landlord's obligation to pay monthly Base Rent (as defined in the Master Lease) to the Master Landlord, any and all of City's/Landlord's obligations and liability under the Master Lease that arise out of Tenant's use and/or occupancy of the Premises shall be passed down to Tenant as Tenant's obligations and liability under this Lease, and Tenant hereby agrees to fully assume and take on such obligations and liability. For example, but in no way limiting the generality of the foregoing, to the extent any portion of the Security Deposit (as defined in the Master Lease) is not refunded to Landlord by Master Landlord due to Tenant's action or inaction, Tenant shall reimburse Landlord for such non-refundable portion of the Security Deposit.

6.3 Additional Rent. All charges and payments to be paid hereunder by Tenant to Landlord, if any, shall be considered additional rent ("Additional Rent") for the purposes of this Lease. Unless otherwise specified, Additional Rent shall be due and payable within thirty (30) business days of receipt by Tenant of a notice from Landlord enclosing an itemized invoice for such Additional Rent.

6.4 Personal Property Taxes. Tenant shall pay, or cause to be paid, before delinquency, any and all taxes levied or assessed and which become payable during the term hereof upon all Tenant's leasehold improvements, equipment, furniture, fixtures and personal property located in the Premises, or on the cost or value of any Tenant Improvements or Alterations made in or to the Premises by or for Tenant.

6.5 Possessory Interest Taxes. The parties hereto acknowledge that this Lease is a sublease, and the fee owner (i.e., the Master Landlord) is a private entity whose fee interest would likely be subject to property tax, and, under the Master Lease, Master Landlord is solely responsible for the payment of such tax. However, if the Assessor of the County of Los Angeles determines that by executing this Lease, a property interest known as "possessory interest" is created and such property interest will be subject to property taxation, then Tenant, as the party in whom the possessory interest is vested, would be subject to the payment of the property taxes levied upon such interest. Tenant acknowledges that the notice required under California Revenue and Taxation Code section 107.6 has been provided.

ARTICLE 7 RESERVED

ARTICLE 8 LEASEHOLD IMPROVEMENTS

8.1 Leasehold Improvements. Tenant, with funds provided directly or indirectly from the County and any other committed funding sources, shall make initial improvements to the Premises in order to, among other things, convert the warehouse portion of the Premises into a homeless shelter with approximately 120 beds, together with an enclosed outdoor patio area adjacent to the warehouse ("Tenant Improvements"), all in accordance with requirements and standards mandated by the County, directly or indirectly. Tenant shall obtain Master Landlord's approval of the plans for the Tenant Improvements to the extent such plans are not already approved by Master Landlord in Section 8.1 of the Master Lease. Tenant hereby agrees to work in good faith and directly with Master Landlord to implement the construction of the Tenant Improvements. Hours of construction for the Tenant Improvements shall be limited to 7:00 a.m. to 5:00 p.m. daily, subject to applicable laws and regulations. To the extent Master Landlord consents to the construction of the Tenant Improvements, Tenant shall not have any obligation to remove the Tenant Improvements upon the expiration or termination of this Lease. Tenant understands that the Tenant Improvements may be considered "public work" within the meaning of Section 1720.2 of California Labor Code, and therefore agrees, to the extent such Tenant Improvements are determined to be a "public work," that all workers employed on the Tenant Improvements shall be paid not less than the general prevailing rate of wages for work of a similar nature in the Los Angeles area.

8.2 Leasehold Improvements Contribution. Tenant acknowledges that, under the Master Lease, Master Landlord is obligated to contribute \$30,000 to the Tenant Improvement buildout, and such contribution shall be paid by Master Landlord directly to Tenant in accordance with Section 8.2 of the Master Lease. Landlord shall owe no liability or responsibility to Tenant in the event Master Landlord fails to pay such contribution.

8.3 Leasehold Improvements Schedule. As material consideration of this Lease, Tenant hereby represents and warrants that, as of the Execution Date, all funds required to complete the Tenant Improvements have been secured by Tenant through fully-executed binding contract(s). Tenant represents and warrants that the contract attached hereto as **Exhibit D** secures all of the funds required to complete the Tenant Improvements (except for the funding from Master Landlord, as referenced in Section 8.2 above). Tenant shall commence the construction of the Tenant Improvements no later than one (1) business day after the Execution Date. After commencement of construction, Tenant shall diligently pursue completion of the Tenant Improvements, which completion shall be achieved no later than 120 calendar days after the Execution Date ("TI Completion Deadline"). Tenant's failure to meet the deadlines set forth in this Section 8.3 shall immediately constitute an Event of Default by Tenant. Notwithstanding the foregoing, the deadlines set forth in this Section 8.3 shall be subject to Force Majeure (defined below in Section 27.10) extensions.

ARTICLE 9 CONDITION OF PREMISES

9.1 General Condition. Tenant acknowledges that, under Section 9.1 of the Master Lease, Master Landlord has the obligation to deliver the Premises to Landlord in a certain condition. Landlord shall deliver the Premises to Tenant in the same condition Landlord receives the Premises from Master Landlord. In the event that Tenant discovers any deficiency in the condition of the Premises, Tenant shall immediately notify Landlord in writing.

9.2 Tenant's Acceptance of Premises. Except as otherwise provided in this Lease, Tenant hereby accepts the Premises in its condition existing as of the Execution Date, subject to all applicable zoning, municipal, county, state, and other governmental laws, ordinances and regulations governing and regulating the use of the Premises, and any easements, covenants or restrictions of record, and accepts this Lease subject thereto and to all matters disclosed thereby and by any exhibits attached hereto.

ARTICLE 10 COMPLIANCE WITH LAWS

10.1 Compliance with Laws. Tenant, with respect to its obligations set forth in this Lease, shall continuously and without exception repair and maintain the Premises in an order and condition in compliance with all Laws and Orders. As used in this Lease, the defined term "Laws and Orders" includes all federal, state, county, Landlord, or government agency laws, statutes, ordinances, standards, rules, requirements, or orders now in force or hereafter enacted, promulgated, or issued, including, without limitation, government measures regulating or enforcing public access, occupational, health, or safety standards for employers, employees, landlords, or tenants. Tenant, at Tenant's sole expense, shall promptly make all repairs, replacements, alterations, or improvements to the Tenant Improvements and Alterations (defined below) within the Premises needed to comply with all Laws and Orders. Under the Master Lease, Master Landlord, at Master Landlord's sole expense, shall promptly make all repairs, replacements, alterations, or improvements to the Property (other than the Tenant Improvements and Alterations), the Base Building, and the Building Systems needed to comply with all Laws and Orders. The "Base Building" shall include the structural components of the Building and the Building Systems, including without limitation, exterior walls, roof, foundation, and structural elements of interior walls. Where Tenant is obligated to comply with Laws and Orders under the provisions of this Lease, should any standard or regulation now or hereafter be imposed expressly on Tenant by a state, federal or local governmental body charged with the establishment, regulation and enforcement of occupational, health or safety standards for employers, employees, landlords or tenants, then Tenant agrees, at its sole cost and expense, to comply promptly with such standards or regulations.

10.2 Compliance with Americans with Disabilities Act. With respect to compliance with the Americans With Disabilities Act of 1990 (42 U.S.C. § 12101, et seq.) and any and all other applicable federal, state, and local laws (collectively "the ADA"), where modifications are required to be made to the Premises, the Building, or the Property to meet accessibility standards, Landlord and Tenant shall have the following responsibilities:

10.2.1 Landlord's Responsibilities. Landlord shall have no responsibility for the compliance with the ADA. Under Section 10.2 of the Master Lease, the Master Landlord has taken on various obligations necessary to provide a Building and a Premises that are fully accessible to and usable by individuals with disabilities and otherwise in compliance with the ADA.

10.2.2 Tenant's Responsibilities. Tenant shall be responsible, at its own cost, to make such modifications, additions, or changes as are required for compliance with the ADA with respect to:

10.2.2.1.1 The Tenant Improvements;

10.2.2.1.2 The Alterations; and

10.2.2.1.3 Changes or modifications required to be made to Tenant's personal property or other equipment located in the Premises which is not owned or controlled by Landlord, including, but not limited to, the rearranging, raising, or lowering of tables, chairs, filing cabinets, vending machines, display racks, and other furniture.

ARTICLE 11 MAINTENANCE AND REPAIRS

11.1 Landlord's Obligations. Landlord shall have no obligation to maintain or repair any portion of the Premises at any time. Tenant acknowledges that, under the Master Lease, Master Landlord, at its sole cost and expense, shall keep and maintain, in good condition and repair, the Base Building and the Building Systems, including without limitation heating, ventilation, air conditioning, water heater, fire alarm and sprinkler system, exterior walls, structural elements of interior walls, roof, foundation, plumbing, gas, and electrical systems. All capital improvements to the Base Building or the Building Systems shall be the responsibility of the Master Landlord. Further, under the Master Lease, Master Landlord has agreed to, at its sole cost and expense, maintain those portions of the Property that are not part of the Premises.

11.2 Tenant's Obligations.

11.2.1 Maintenance and Repair of Premises. Throughout the Term, Tenant, at its sole cost and expense, shall be responsible for the day-to-day maintenance of the Premises (excluding the Base Building and Building Systems), including the provision of its own custodial services, maintenance of lighting fixtures (i.e., replacing bulbs), smoke detectors and fire extinguishers (but not the fire alarm and sprinkler system, which is Master Landlord's responsibility), maintenance of exterior lighting (i.e., replacing bulbs), and basic maintenance of plumbing such as clogged drains not caused by a problem with the plumbing system.

11.2.2 Termination of Lease. On the last day of the Term hereof, or on any sooner termination, Tenant shall surrender the Premises to Landlord in the same condition as received (except for the Tenant Improvements, the Alterations, and ordinary wear and tear), clean and free of debris. Any damage or deterioration of the Premises shall not be deemed ordinary wear and tear if the same could have been prevented by good maintenance practices by Tenant. Upon such expiration or termination, Tenant shall, without expense to Landlord, remove or cause to be removed from the Premises all debris and rubbish, and such items of furniture, equipment, free-standing cabinet work, and other articles of personal property owned by Tenant or installed or placed by Tenant at its expense in the Premises, and such similar articles of any other persons claiming under Tenant, as Landlord may, in Landlord's sole discretion, require to be removed, and Tenant shall repair at its own expense all damage to the Premises resulting from such removal. Tenant shall repair any damage to the Premises occasioned by the installation or removal of Tenant's trade fixtures, alterations, furnishings and equipment.

ARTICLE 12 ALTERATIONS AND IMPROVEMENTS

12.1 Alterations and Improvements. After the initial buildout of the Tenant Improvements within the Premises, Tenant may, with the prior written approval of Landlord, make alterations and improvements to the Premises (“Alterations”, which defined term shall not include any of the Tenant Improvements) which do not affect the (1) exterior appearance of the Building, (2) structural aspects of the Building, (3) the use of the Property by other tenants or occupants of the Property, or (4) the Building Systems, as that phrase is defined in Section 12.2 below, as long as Tenant pays for the entire cost of such Alterations. Any time Tenant proposes to make such Alterations, Tenant shall provide Landlord with no less than twenty (20) business days prior written notice of the proposed Alterations, together with the plans and specifications.

12.2 “Building Systems” – Defined. As used in this Lease, the phrase “Building Systems” shall mean any machinery, transformers, duct work, conduit, pipe, bus duct, cable, wires, and other equipment, facilities, and systems, to the extent within or connecting to the Building, designed to supply heat, ventilation, air conditioning and humidity or any other services or utilities, or comprising or serving as any component or portion of the electrical, gas, steam, plumbing, sprinkler, alarm, security, or fire/life safety systems or equipment, or any other mechanical, electrical, electronic, computer, or other systems or equipment which service the Building in whole or in part.

12.3 Manner of Construction. Landlord may impose reasonable requirements as a condition of its consent to all Alterations or repairs of the Premises or about the Premises, including, but not limited to, the requirement, with respect to work on the Building Systems, that Tenant utilize for such purposes only contractors, materials, mechanics, and material providers approved by Landlord. Landlord may require Tenant to provide Landlord, at Tenant’s sole cost and expense, a lien and completion bond in an amount not less than the estimated cost of such improvements, to insure Landlord against any liability for claims or purported mechanic’s and materialmen’s liens and to insure completion of the work. Tenant shall construct such Alterations and perform such repairs in conformance with any and all applicable rules and regulations of any federal, state, county or municipal code or ordinance and pursuant to a valid building permit, issued by the City of Los Angeles, in conformance with Landlord’s reasonable construction rules and regulations. All work with respect to any Alterations must be done in a good and professional manner and diligently prosecuted to completion to the end. In performing the work of any such Alterations, Tenant shall have the work performed in such manner as not to obstruct access to the Property for any other tenant of the Property. Upon completion of any Alterations, Tenant agrees at the request of Landlord to cause a Notice of Completion to be recorded in the office of the Recorder of the County of Los Angeles in accordance with Section 8182 of the California Civil Code or any successor statute, and Tenant shall deliver to Landlord a reproducible copy of the “as-built” drawings, if any, of the Alterations.

12.4 Construction Insurance. In the event Tenant makes any Alterations, Tenant agrees to carry “Builder’s All Risk” insurance in an amount reasonably approved by Landlord covering the construction of such Alterations. Where Tenant is utilizing commercial insurance, prior to commencing any such Alterations, Tenant will provide Landlord with copies of certificates of insurance evidencing the obtaining of the applicable Builder’s All Risk insurance coverage.

12.5 Payment for Alterations. In the event Alteration is performed by Tenant or Tenant’s contractor, upon completion of such work, Tenant shall deliver to Landlord, where

applicable, evidence of payment, contractors' affidavits and full and final waivers of all liens for labor, services, and materials.

12.6 Ownership of Alterations. All Alterations, fixtures, and equipment which may be installed or placed in or about the Premises, from time to time, shall be at the sole cost of Tenant. Alterations, fixtures, and equipment remaining at the Premises after the vacation of the Premises by Tenant shall be and become, at the election of Landlord, the property of Landlord. Tenant may remove any Alterations, fixtures, or equipment installed by Tenant, provided Tenant repairs any damage to the Premises caused by such removal.

12.7 Personal Property/Removal at Termination. All articles of personal property and all business and trade fixtures, machinery and equipment, furniture and movable partitions owned by Tenant or installed by Tenant at Tenant's expense in the Premises shall be and remain the property of Tenant and may be removed by Tenant at any time during the Term, provided that, with Landlord's consent, any and all wires, conduits, or pipe leading to any fixtures may be left in place in said Premises at the option of Tenant, provided the same shall be insulated, plugged or otherwise treated in accordance with applicable standard practices and laws. If Tenant shall fail to remove all of Tenant's personal property from the Premises upon termination or expiration of the Term for any cause whatsoever, Landlord may, at Landlord's option any time after ten (10) calendar days' written notice to Tenant of Landlord's intention, (i) assume ownership of a portion or all of such property, (ii) remove and dispose of a portion or all of such property in any manner that Landlord shall choose, and/or (iii) remove and store such property without liability to Tenant for loss thereof and Tenant agrees to pay Landlord upon demand any and all expenses incurred in such removal, including court costs and attorneys' fees and storage charges on such property for any length of time that the same shall be in Landlord's possession.

ARTICLE 13 SERVICES PROVIDED BY LANDLORD

13.1 [reserved]

13.2 Access. Subject to damage and destruction, and to the extent access to the entire Premises is provided by Master Landlord to the Landlord in accordance with the Master Lease, Landlord shall make available to Tenant, at all times twenty-four (24) hours per day, seven (7) days a week, every day of the year, access to the entire Premises.

13.3 Heat, Ventilation, and Air Conditioning (HVAC). Tenant acknowledges that under the Master Lease, Master Landlord has agreed to furnish to the Premises, at all times twenty-four (24) hours per day, seven (7) days per week, every day of the year, heat, ventilation, and air conditioning (HVAC) reasonably required for the comfortable residential use and occupation of the Premises.

13.4 Electricity. Tenant acknowledges that under the Master Lease, Master Landlord has agreed to provide, at all times twenty-four (24) hours per day, seven (7) days per week, every day of the year, electricity for the entire Premises.

13.5 Gas. Tenant acknowledges that under the Master Lease, Master Landlord has agreed to provide, at all times twenty-four (24) hours per day, seven (7) days per week, every day of the year, gas for the entire Premises.

13.6 Water. Tenant acknowledges that under the Master Lease, Master Landlord has agreed to provide hot and cold water sufficient for drinking, lavatory, toilet, and ordinary cleaning purposes to be drawn from approved fixtures in the Premises.

13.7 Communication System. Tenant, at its own cost, shall be allowed to install its own communication infrastructure/cabling in and around the Building.

13.8 Security. Landlord shall not be required, and Master Landlord is not required under the Master Lease, to provide security services for the Premises. Tenant, at its own cost and expense, shall provide its own adequate security onsite at all times within the Premises. Tenant shall ensure that the security personnel shall have experience and special training in working with the homeless population.

13.9 Janitorial Services. Tenant shall be responsible for providing its own janitorial services to the Premises.

13.10 Bulbs and Fluorescent Tubes. Upon the Execution Date, Landlord shall provide the Premises with fluorescent tubes, starters, ballasts, plastic shields covering light fixtures, or light bulbs as are required for light fixtures within the Premises. Tenant shall be solely responsible (at its sole cost and expense) for replacement of all fluorescent tubes, starters, ballasts, plastic shields covering light fixtures, or light bulbs as are required from time to time within the Premises.

13.11 Rubbish Removal and Extermination. Tenant acknowledges that under the Master Lease, Master Landlord has agreed to, at least three (3) times per week, remove or arrange to have removed from the Premises rubbish, garbage, trash, and similar debris generated by Tenant's use of the Premises. Under the Master Lease, Master Landlord has also agreed to be responsible for the removal or extermination of any pests, vermin, rodents, fleas, or similar infestations from the Premises and the Property (as defined in the Master Lease) within a reasonable period of time after its receipt of written notice of the need for such removal or extermination.

ARTICLE 14 PARKING

Tenant shall have the exclusive right to use, at no additional cost to Tenant, all of the parking spaces within the Premises, which shall include (as provided by Master Landlord) no less than six (6) striped parking spaces, of which at least two (2) spaces shall be accessible to disabled individuals. Tenant acknowledges that under the Master Lease, Master Landlord has agreed to ensure that the parking area within the Premises and all parking spaces and signage therein are in compliance with the ADA.

ARTICLE 15 ASSIGNMENT AND SUBLETTING

15.1 Consent. Tenant shall not voluntarily or by operation of law assign, transfer, mortgage, sublet or otherwise transfer or encumber all or any part of Tenant's interest in this Lease or in the Premises, without Landlord's prior written consent, which shall be granted, withheld, or conditioned at Landlord's sole and absolute discretion. Any attempted assignment, transfer, mortgage, encumbrance or subletting without such consent shall be void, and shall constitute a material default and breach of this Lease without the need for notice to Tenant under Section 21.1.

Tenant hereby agrees that Landlord may assign or otherwise transfer Landlord's interest in this Lease or in the Premises, without Tenant's consent.

ARTICLE 16 INSURANCE AND INDEMNIFICATION

16.1 Indemnification. Tenant shall indemnify, defend and hold harmless Landlord and Landlord's officers, officials, agents, partners, employees, contractors, subcontractors, and assignees from and against any and all loss, liability, or expense for claims for injury or damage (including attorney and expert witness fees) to the extent arising or alleged to arise from acts or omissions of Tenant or Tenant's officers, agencies, employees, contractors, licensees or invitees, jointly or severally, in the occupancy or use of Premises, including without limitation: (i) claims from neighbor(s) of the Property, or any other third party, based on Tenant's use of the Premises as a homeless shelter, and (ii) claims arising because of the placement of Hazardous Materials on the Premises by the Tenant or any of its officers, agencies, agents, representatives, employees, contractors, subcontractors, licensees or invitees.

16.2 Additional Requirements. In addition to the insurance requirements set forth in this Article 16, Tenant shall comply with all those insurance requirements set forth in **Exhibit E** hereto, to the extent they are not already specified in this Article 16.

16.3 Liability Insurance – Tenant. Tenant shall, at its sole expense, procure and maintain in force during the Term general liability insurance against bodily injury (including death and property damage) arising from Tenant's occupancy and use of Premises. Such insurance shall have a combined single limit of not less than One Million Dollars (\$1,000,000) per occurrence and be in addition to and not in lieu of insurance carried by Landlord or Master Landlord.

16.4 [reserved]

16.5 Property Insurance. Tenant acknowledges that under the Master Lease, Master Landlord has agreed to maintain in effect throughout the Term physical damage insurance in a commercially reasonable amount (but no in event less than the replacement cost value of the Building) or other such amount as Landlord's lender may require. Such insurance shall provide protection against any peril generally included within the classifications of fire, extended coverage, vandalism, malicious mischief, sprinkler leakage and loss of income. Master Landlord will not insure Tenant's Alterations, equipment, stored goods, other personal property, fixtures or tenant improvements. Tenant shall, at its sole option and expense, obtain physical damage insurance covering its Alterations, equipment, stored goods, other personal property, fixtures or tenant improvements. Tenant will provide Landlord with copies of the applicable certificates of insurance covering such property.

16.6 Waiver of Subrogation. Each party hereto agrees to waive its rights of recovery against the other for any physical damage it may sustain to the extent that such damage is covered by valid and collectible property insurance. Each party will notify its respective insurers of such agreement. Further, each party agrees to waive in advance its insurer's rights of subrogation to the extent that its insurance policies so permit.

16.7 Form of Policies. The minimum limits of policies of insurance required of Tenant under this Lease shall in no event limit the liability of Tenant under this Lease. All insurance

policies carried by Tenant shall (i) name Landlord, and any other party the Landlord so specifies, as an additional insured, including Landlord's managing agent, if any; (ii) specifically cover the liability assumed by Tenant under this Lease, including, but not limited to, Tenant's obligations under Section 16.1 of this Lease; (iii) be issued by an insurance company having a rating of not less than A-X in Best's Insurance Guide or which is otherwise acceptable to Landlord and licensed to do business in the State of California; (iv) be primary insurance as to all claims thereunder and provide that any insurance carried by Landlord is excess and is non-contributing with any insurance requirement of Tenant; (v) be in form and content reasonably acceptable to Landlord; and (vi) provide that said insurance shall not be canceled or coverage changed unless thirty (30) days' prior written notice shall have been given to Landlord. Tenant shall deliver said policy or policies or certificates thereof to Landlord on or before the Lease Commencement Date and at least thirty (30) days before the expiration dates thereof.

ARTICLE 17 HAZARDOUS MATERIALS

17.1 Hazardous Materials. Landlord and Tenant agree as follows with respect to the existence or use of Hazardous Material (as defined in Section 17.1.5) on the Premises or in the Building:

17.1.1 Prohibition. Landlord and Tenant shall each comply with all federal, state, or local laws, ordinances, or regulations relating to industrial hygiene and environmental conditions on, under, or about the Premises including, but not limited to, soil and ground water conditions. Without limiting the generality of the foregoing, Tenant shall not transport, use, store, maintain, generate, manufacture, handle, dispose, release, or discharge any Hazardous Material (as defined in Section 17.1.5) upon or about the Premises or the land upon which the Premises sits, nor shall Tenant permit its officers, agents, contractors, or employees to engage in such activities upon or about the Premises or the land upon which the Premises sits. However, the foregoing provisions shall not prohibit Tenant from transportation to and from, and the use, storage, maintenance, and handling within, the Premises of substances customarily used in connection with normal homeless shelter use provided: (1) such substances shall be used and maintained only in such quantities as are reasonably necessary for the permitted use of the Premises set forth in Section 3.1 of this Lease, strictly in accordance with applicable laws and the manufacturers' instructions therefor; (2) such substances shall not be disposed of, released, or discharged at the Premises, and shall be transported to and from the Premises in compliance with all applicable laws, and as Landlord shall reasonably require; (3) if any applicable law or Landlord's trash removal contractor requires that any such substances be disposed of separately from ordinary trash, Tenant shall make arrangements at Tenant's expense for such disposal directly with a qualified and licensed disposal company at a lawful disposal site (subject to scheduling and approval by Landlord), and shall ensure that disposal occurs frequently enough to prevent unnecessary storage of such substances in the Premises; and (4) any remaining such substances shall be completely, properly, and lawfully removed from the Premises upon expiration or earlier termination of this Lease.

17.1.2 Clean Up of Hazardous Material.

17.1.2.1 Clean Up by Landlord. If any Hazardous Material is released, discharged, or disposed of by Landlord, or Landlord's officers, agents, contractors, or employees

on or about the Premises in violation of this Section 17.1, Landlord shall immediately, properly, and in compliance with applicable laws, clean up and, where required, remove the Hazardous Material from the Premises and any other affected property and clean or replace any affected personal property (whether or not owned by Tenant), at Landlord's expense. Such clean up and removal work shall be subject to Tenant's prior written approval (except in emergencies), and shall include, without limitation, any testing, investigation, and the preparation and implementation of any remedial action plan required by any governmental body having jurisdiction or reasonably required by Tenant. If Landlord shall fail to comply with the provisions of this Subsection within ten (10) business days after written notice by Tenant, or such shorter time as may be required by applicable law or in order to minimize any hazard to persons or property, Tenant may (but shall not be obligated to) arrange for such compliance directly or on Landlord's behalf through contractors or other parties selected by Tenant, at Landlord's expense (without limiting Tenant's other remedies under this Lease or applicable law).

17.1.2.2 Clean Up by Tenant. If any Hazardous Material is released, discharged, or disposed of by Tenant, or Tenant's officers, agents, contractors, employees, or invitees on or about the Premises in violation of this Section 17.1, Tenant shall immediately, properly, and in compliance with applicable laws, clean up and, where required, remove the Hazardous Material from the Premises and any other affected property and clean or replace any affected personal property (whether or not owned by Landlord), at Tenant's expense. Such clean up and removal work shall be subject to Landlord's prior written approval (except in emergencies), and shall include, without limitation, any testing, investigation, and the preparation and implementation of any remedial action plan required by any governmental body having jurisdiction or reasonably required by Landlord. If Tenant shall fail to comply with the provisions of this Subsection within ten (10) business days after written notice by Tenant, or such shorter time as may be required by applicable law or in order to minimize any hazard to persons or property, Landlord may (but shall not be obligated to) arrange for such compliance directly or on Tenant's behalf through contractors or other parties selected by Landlord, at Tenant's expense (without limiting Landlord's other remedies under this Lease or applicable law).

17.1.2.3 Casualty Damage. If any Hazardous Material is released, discharged, or disposed of on or about the Premises and such release, discharge, or disposal is not caused by Landlord or Landlord's officers, agents, contractors, or employees or other occupants of the Property, such release shall be deemed casualty damage under Article 20 to the extent that the Premises is affected thereby; in such case, Landlord and Tenant shall have the obligations and rights respecting such casualty damage provided under Article 20.

17.1.2.4 Joint Liability. As between Landlord and Tenant, nothing in this Section 17.1.2 shall be construed to prohibit or prevent, where appropriate, joint liability for the costs of clean up and removal of Hazardous Material, in proportions according to proof.

17.1.3 [reserved]

17.1.4 Termination. This Section is applicable upon any discovery of Hazardous Material in, on or about the Property not placed in, on or about the Property by Tenant or Tenant's employees, agents, contractors, or invitees, that, considering the nature and amount of the substances involved, materially and adversely interferes with Tenant's use of the Premises or, in

the mutual judgment of Tenant and Landlord, presents a health risk to any occupants of the Premises. Where such a state of affairs is present, if it is unlikely that Tenant can be given reasonable use of, and access to, a fully repaired, restored, safe and healthful Premises (and the utilities and services pertaining to the Premises), all suitable for the efficient conduct of Tenant's business therefrom, within thirty (30) calendar days from the date Tenant is notified or becomes aware of such state of affairs, then Tenant may elect to terminate the Lease upon ten (10) calendar days written notice sent to Landlord at any time within a period of ninety (90) calendar days following the date Tenant is notified or becomes aware of such state of affairs.

17.1.5 "Hazardous Material" – Definition. The phrase "Hazardous Material" for the purposes of this Lease shall mean any chemical, substance, material, or waste or component thereof the presence of which requires investigation or remediation under any federal, state, or local statute, regulation, ordinance, order, action, policy, or common law, or which is now or hereafter listed, defined, or regulated as a flammable explosive, radioactive material, hazardous or toxic chemical, substance, material or waste or component thereof (whether injurious by themselves or in conjunction with other materials) by any federal, state, or local governing or regulatory body having jurisdiction, or which would trigger any employee or community "right-to-know" requirements adopted by such body, or for which any such body has adopted any requirements for the preparation or distribution of a material safety data sheet. Without limiting the generality of the foregoing, Hazardous Material shall include, but not be limited to, any material or substance which is: (1) defined as a "hazardous waste," "extremely hazardous waste" or "restricted hazardous waste" under Sections 25115, 25117 or 25122.7, or listed pursuant to Section 25140, of the California Health and Safety Code, Division 20, Chapter 6.5 (Hazardous Waste Control Law); (2) defined as a "hazardous substance" under Section 25316 of the California Health and Safety Code, Division 20, Chapter 6.8 (Carpenter-Presley-Tanner Hazardous Substance Account Act, California Health and Safety Code Section 25300, et seq.); (3) defined as a "hazardous material," "hazardous substance," or "hazardous waste" under Section 25501 of the California Health and Safety Code, Division 20, Chapter 6.95 (Hazardous Materials Release Response Plans and Inventory, California Health and Safety Code Section 25500, et seq.); (4) defined as a "hazardous substance" under Section 25281 of the California Health and Safety Code, Division 20, Chapter 6.7 (Underground Storage of Hazardous Substances, California Health and Safety Code Section 25280, et seq.); (5) petroleum; (6) asbestos; (7) defined as a "hazardous constituent," "hazardous material," "hazardous waste," or "toxic waste" under Article 2 of Chapter 10 (Section 66260.10) or defined as a "hazardous waste" under Article 1 of Chapter 11 (Section 66261.3) of Title 22 of the California Code of Regulations, Division 4.5 (Environmental Health Standards for the Management of Hazardous Waste, 22 C.C.R. Section 66001, et seq.); (8) designated as a "hazardous substance" pursuant to Section 311 (33 U.S.C. § 1321) of the Clean Water Act of 1977, as amended (Federal Water Pollution Control Act, 33 U.S.C. § 1251, et seq.); (9) defined as a "hazardous waste" pursuant to Section 1004 (42 U.S.C. § 6903) of the Federal Resource Conservation and Recovery Act of 1976, as amended (RCRA, 42 U.S.C. § 6901, et seq.); (10) defined as a "hazardous substance" pursuant to Section 101 (42 U.S.C. § 9601) of the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (CERCLA, 42 U.S.C. § 9601, et seq.); or (11) defined as "hazardous material" under Section 103 (49 U.S.C. § 1802) of the Hazardous Materials Transportation Act (49 U.S.C. § 1801, et seq.), as such laws may be amended from time to time, and the regulations adopted and publications promulgated pursuant to such laws.

17.1.6 [reserved]

17.1.7 Notice Regarding Hazardous Materials. Landlord shall promptly notify Tenant, with respect to the Property, and Tenant shall promptly notify Landlord, with respect to the Premises, of: (1) any enforcement, cleanup, or other regulatory action taken or threatened by any governmental or other regulatory authority with respect to the presence of any Hazardous Material or the migration thereof from or to other property; (2) any demands or claims made or threatened by any party against Landlord or Tenant, as applicable, relating to any loss or injury resulting from any Hazardous Material; (3) any release, discharge, or non-routine, improper or unlawful disposal or transportation of any Hazardous Material; and (4) any matters where Landlord or Tenant, as applicable, is required by law to give a notice to any governmental or regulatory authority respecting any Hazardous Material. Landlord and Tenant shall have the right (but not the obligation) to join and participate, as a party, in any legal proceedings or actions affecting the Property or the Premises initiated in connection with any environmental, health, or safety law. At such times as Landlord may reasonably request, Tenant shall provide Landlord with a written list identifying any Hazardous Material then used, stored, or maintained upon the Premises, the use and approximate quantity of each such material, a copy of any material safety data sheet issued by the manufacturer thereof, written information concerning the removal, transportation and disposal of the same, and such other information as Landlord may reasonably require or as may be required by applicable law. In addition, California Health and Safety Code Section 25359.7(a) requires any owner of nonresidential real property who knows, or has reasonable cause to believe, that any release of hazardous substance has come to be located on or beneath that real property, prior to the lease or rental of that real property or when the presence of such release is actually known, to give written notice of that condition to the lessee or renter. California Health and Safety Code Section 25359.7(b) requires any tenant of real property who knows, or has reasonable cause to believe, that any release of hazardous substance has come to be located on or beneath that real property to give written notice of such condition to the owners. Landlord and Tenant shall comply with the requirements of Section 25359.7 and any successor statute thereto.

17.1.8 [reserved]

ARTICLE 18 [Reserved]

ARTICLE 19 INSPECTION BY LANDLORD

19.1 Inspection by Landlord. Landlord shall, with reasonable prior notice to the supervising Tenant employee in charge of the Premises, have the right, to be exercised reasonably (and with the least amount of interference with Tenant's business) and only at times that Tenant employees are present in the Premises, to enter the Premises, inspect the same, to exhibit said Premises to prospective purchasers or lenders and, during the last twelve (12) months of the Term, to prospective tenants, to post notices of nonresponsibility, and to alter, improve or repair the Premises and any portion of the Property of which the Premises are a part that Landlord may deem necessary or desirable, without abatement of rent. Notwithstanding anything to the contrary contained in this Section, Tenant acknowledges that, under the Master Lease, Master Landlord, or its employees, agents, or subcontractors, has the right to enter the Premises on a customary and regular basis to supply services to be provided by Master Landlord for the Premises. In the case

of an emergency, neither prior notice to Tenant nor the presence of Tenant employees on the Premises shall be required to enter and inspect the Premises or to take such steps as are necessary to abate the emergency, but Tenant shall receive prompt notice after such entry. Landlord agrees that Tenant may request, and Landlord shall, at Tenant's sole expense, "rekey" any and all doors in and upon the Premises provided Landlord retains copies of all keys to the Premises (except those areas which are designated by Tenant as Secured Areas under Section 19.2), in order to allow Landlord access to the Premises at all reasonable hours for inspections, repairs or any other purposes related to the safety, protection, preservation or improvement of the Premises.

19.2 Secured Areas. Tenant may designate certain areas of the Premises as "Secured Areas" should Tenant require such areas for the purpose of securing certain valuable property or confidential information. Landlord may not enter such Secured Areas except in the case of emergency or in the event of a Landlord inspection, in which case Landlord shall provide Tenant with ten (10) days' prior written notice of the specific date, time, and purpose of such Landlord inspection.

ARTICLE 20 DAMAGE OR DESTRUCTION

20.1 Total Destruction. This Lease shall automatically terminate if the Premises is totally destroyed.

20.2 Partial Destruction. Upon the occurrence of any damage to any portions of the Building or the Premises, Landlord shall have no obligation to repair such damaged portion(s). Tenant acknowledges that under the Master Lease, the Master Landlord has agreed to certain obligations to repair such damaged portion(s). If such repairs cannot, in Landlord's reasonable opinion, be made within six (6) months following the discovery of the damage (or if the damage occurs during the last twelve (12) months of the Term and the repairs cannot be made within ninety (90) days following the discovery of damage), then either Landlord or Tenant may elect to terminate this Lease by written notice to the other party within sixty (60) days after the date of the damage or destruction; provided, however, that either party may only elect to terminate this Lease if (A) as a result of the damage, Tenant cannot reasonably conduct business from the Premises, and, (B) as a result of the damage, Tenant does not occupy or use a material part of the Premises.

20.3 Waiver. The provisions contained in this Lease shall supersede any contrary laws now or hereafter in effect relating to damage or destruction, and Landlord and Tenant hereby waive the provisions of California Civil Code Sections 1932(2) [termination where greater part of thing hired perishes] and 1933(4) [automatic termination upon destruction of thing hired].

ARTICLE 21 DEFAULT

21.1 Default by Tenant. The occurrence of any one or more of the following events shall constitute an "Event of Default" of this Lease by Tenant:

21.1.1 Default Under Service Contract. Default (beyond any applicable cure period) by Tenant under the Service Contract or any other contract entered into by Tenant in connection with County's funding of the Tenant Improvements and/or the ongoing operations of the homeless shelter.

21.1.2 Failure to Pay. The failure by Tenant to make any Additional Rent or any payment required to be made by Tenant hereunder, as and when due, where such failure continues for thirty (30) calendar days after written notice thereof from Landlord to Tenant.

21.1.3 Abandonment. The abandonment of the Premises by Tenant, as defined in California Civil Code Section 1951.3. (Abandonment of Leased Real Property) shall also include the failure to occupy the Premises for a continuous period of sixty (60) calendar days or more, whether or not the rent is paid.

21.1.4 Breach of Provisions. The failure by Tenant to observe or perform any of the covenants or provisions of this Lease to be performed by Tenant, other than as specified in Sections 21.1.1, 21.1.2, or 21.1.3 above, where such failure shall continue for a period of thirty (30) calendar days after written notice thereof from Landlord to Tenant specifying the nature of such failure or such longer period as is reasonably necessary to remedy such default, provided that Tenant shall continuously and diligently pursue such remedy at all times until such default is cured. To the extent permitted by law, such thirty (30) day notice shall constitute the sole and exclusive notice required to be given to Tenant.

21.2 Remedies. In the event of any Event of Default or breach of this Lease by Tenant, Landlord may at any time thereafter, with or without notice or demand and without limiting Landlord in the exercise of any right or remedy which Landlord may have by reason of such default:

21.2.1 Right to Terminate. If an Event of Default shall occur, then, in addition to any other remedies available to Landlord at law or in equity, Landlord shall have the immediate option to terminate this Lease and all rights of Tenant hereunder by giving Tenant thirty (30) days written notice of such election to terminate. In the event Landlord shall elect to so terminate this Lease, Landlord may recover from Tenant all costs and fees Landlord is legally entitled to recover from Tenant.

21.2.2 [reserved]

21.2.3 Surrender of Premises. If Landlord elects to terminate this Lease as a result of Tenant's default, this Lease and the Term hereof, as well as all of the right, title and interest of Tenant hereunder, shall wholly cease and expire and become void in the same manner and with the same force and effect (except as to Tenant's liability) as if the date fixed in such notice were the date herein specified for expiration of the Term of this Lease. Thereupon, Tenant shall immediately quit and surrender to Landlord the Premises, and Landlord may enter into and repossess the Premises following receipt of a court order permitting same and remove all occupants thereof and, at Landlord's option, any property thereon without being liable for any damages therefor.

20.2.4. Continuation of Lease. If an Event of Default shall occur, in addition, Landlord shall have the remedy described in California Civil Code Section 1951.4 (lessor may continue lease in effect after lessee's breach and abandonment and recover rent as it becomes due, if lessee has the right to sublet or assign, subject only to reasonable limitations).

20.2.5. Landlord's Cumulative Rights; No Waiver of Default. Except where otherwise provided, all rights, options and remedies of Landlord contained in this Lease shall be construed and held to be cumulative, and no one of them shall be exclusive of the other, and Landlord shall have the right to pursue any one or all of such remedies or any other remedy or relief which may be provided by law, whether or not stated in this Lease. No waiver of any default by Tenant hereunder shall be implied from any acceptance by Landlord of any rent or other payments due hereunder or any omission by Landlord to take any action on account of such default if such default persists or is repeated, and no express waiver shall affect any default other than as specified in said waiver. The consent or approval of Landlord to any act by Tenant requiring Landlord's consent or approval shall not be deemed to waive or render unnecessary Landlord's consent or approval to any subsequent similar acts by Tenant.

20.5.6 Right of Re-Entry. If an Event of Default by Tenant has occurred and Tenant has abandoned the Premises, then Landlord shall also have the right to enforce the provisions of California Civil Code Sections 1980 through 1991. No re-entry or taking of possession of the Premises by Landlord pursuant to this Section 21.5 shall be construed as an election to terminate this Lease unless a written notice of such intention shall be given to Tenant or unless the termination hereof shall be decreed by a court of competent jurisdiction. For the purposes of this Article 21, Tenant's right to possession shall not be deemed to have terminated by efforts of Landlord to relet the Premises, by its acts of maintenance or preservation with respect to the Premises, or by appointment of a receiver to protect Landlord's interests hereunder. Notwithstanding any reletting without termination by Landlord because of any Event of Default of Tenant, Landlord may at any time after such reletting elect to terminate this Lease for any such Event of Default. The foregoing enumeration is not exhaustive, but merely illustrative of acts which may be performed by Landlord without terminating Tenant's right to possession.

21.3 Default by Landlord. Landlord shall not be in default in the performance of any obligation required to be performed by Landlord pursuant to this Lease, unless Landlord neglects or fails to perform or observe any of the covenants, provisions or conditions contained in this Lease on its part to be performed or observed within thirty (30) calendar days after written notice of default from Tenant to Landlord (or if more than thirty (30) calendar days is required due to nature of the default, and Landlord fails to commence work to cure it within said 30 days after notice and diligently pursue work to completion). In an event of default by Landlord, Tenant shall have the right to pursue any remedy now or hereafter available to Tenant under the laws or judicial decisions of the State of California, subject to the waiver of subrogation and Section 27.11 below. Notwithstanding the foregoing, Tenant hereby waives any and all rights under and benefits of subsection 1 of Section 1932 and Sections 1941 and 1942 of the California Civil Code or under any similar law, statute, or ordinance now or hereafter in effect.

ARTICLE 22 [Reserved]

ARTICLE 23 [Reserved]

ARTICLE 24 CONDEMNATION

24.1 Definitions.

“Condemnation” means (1) the exercise of any governmental power, whether by legal proceedings or otherwise, by a Condemnor and (2) a voluntary sale or transfer by Landlord to any Condemnor, either under threat of condemnation or while legal proceedings for condemnation are pending.

“Date of taking” means the date the Condemnor has the right to possession of the property being condemned.

“Award” means all compensation, sums, or anything of value awarded, paid, or received on a total or partial Condemnation.

“Condemnor” means any public or quasi-public authority, or private corporation or individual, having the power of Condemnation.

24.2 Parties’ Rights and Obligations to be Governed by Lease. If, during the period of time between the Execution Date and the full expiration or termination of this Lease, there is any taking of all or any part of the Premises or any interest in this Lease by Condemnation, the rights and obligations of the parties shall be determined pursuant to this Article 24.

24.3 Total Taking. If the Premises are totally taken by Condemnation, this Lease shall terminate on the date of taking.

24.4 Partial Taking.

24.4.1 Effect on Lease. If any portion of the Premises is taken by Condemnation, this Lease shall remain in effect, except that Tenant can elect to terminate this Lease if the remaining portion of the Premises is rendered unsuitable for Tenant’s continued use of the Premises, as mutually determined by Landlord and Tenant. If Tenant elects to terminate this Lease pursuant to this Article 24, Tenant must exercise its right to terminate by giving written notice to Landlord within twenty (20) calendar days after the nature and extent of the taking have been finally determined. Such termination shall be effective on the date of the taking. If Tenant does not terminate this Lease within the twenty-day period, this Lease shall continue in full force and effect. If twenty percent (20.0%) or more of the Premises (excluding the parking area) is taken by Condemnation, Landlord shall have the option to terminate this Lease upon sixty (60) days’ notice to Tenant.

24.4.2 Taking of Parking Area. If the parking area (surface or underground) is taken by Condemnation, this Lease shall remain in full force and effect, except that if Landlord is unable to provide Tenant with substitute parking within a reasonable distance of the Premises, which substitute parking shall include the number of parking spaces Tenant is entitled to under Article 14 of this Lease, Tenant shall have the election to terminate this Lease pursuant to this Article 24, subject to the notice requirements set forth above in Section 24.4.1.

24.4.3 Award. Landlord shall be entitled to receive the entire award or payment in connection with a Condemnation, except that Tenant shall have the right to file any separate claim available to Tenant for any taking of Tenant’s personal property and fixtures belonging to Tenant and removable by Tenant upon expiration of the Term pursuant to the provisions of this Lease, and for moving expenses, so long as such claim is payable separately to Tenant.

24.4.4 **Waiver of CCP § 1265.130.** Each party waives the provisions of the California Code of Civil Procedure Section 1265.130 allowing either party to petition the superior court to terminate this Lease in the event of a partial taking of the Premises.

ARTICLE 25 ORDINANCE MANDATED PROVISIONS

25.1 Child Support Assignment Orders. This Lease is subject to Section 10.10, Article 1, Chapter 1, Division 10 of the Los Angeles Administrative Code related to Child Support Assignment Orders. Pursuant to this Section, Tenant (and any subcontractor of Tenant providing services to Landlord under this) shall (.1) fully comply with all State and Federal employment reporting requirements for Tenant's or Tenant's subcontractor's employees applicable to Child Support Assignment Orders; (.2) certify that the principal owner(s) of Tenant and applicable subcontractors are in compliance with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally; (.3) fully comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignment in accordance with California Family Code section 5230, et seq.; and (.4) maintain such compliance throughout the Term of this Lease. Pursuant to Section 10.10.b of the Los Angeles Administrative Code, failure of Tenant or an applicable subcontractor to comply with all applicable reporting requirements or to implement lawfully served Wage and Earnings Assignment Orders and Notices of Assignment or the failure of any principal owner(s) of Tenant or applicable subcontractors to comply with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally shall constitute a default of this Lease subjecting this Lease to termination where such failure shall continue for more than ninety (90) days after notice of such failure to Tenant by Landlord (in lieu of any time for cure provided in Article 21).

25.2 Service Contract Worker Retention Ordinance. This Lease is subject to the Service Contract Worker Retention Ordinance ("SCWRO") (Section 10.36, et seq, of the Los Angeles Administrative Code). The SCWRO requires that, unless specific exemptions apply, all employers (as defined) under contracts that are primarily for the furnishing of services to or for the City of Los Angeles and that involve an expenditure or receipt in excess of \$25,000 and a contract term of at least three (3) months shall provide retention by a successor contractor for a ninety-day (90-day) transition period of the employees who have been employed for the preceding twelve (12) months or more by the terminated contractor or subcontractor, if any, as provided for in the SCWRO. Under the provisions of Section 10.36.3(c) of the Los Angeles Administrative Code, Landlord has the authority, under appropriate circumstances, to terminate this Lease and otherwise pursue legal remedies that may be available if Landlord determines that the subject contractor violated the provisions of the SCWRO.

25.3 Living Wage Ordinance.

25.3.1. General Provisions: Living Wage Policy. This Lease is subject to the Living Wage Ordinance ("LWO") (Section 10.37, et seq, of the Los Angeles Administrative Code). The LWO requires that, unless specific exemptions apply, any employees of tenants or licensees of City property who render services on the leased or licensed premises are covered by the LWO if any of the following applies: (1) the services are rendered on premises at least of portion of which are visited by substantial numbers of the public on a frequent basis, (2) any of the services could feasibly be performed by City

employees if the awarding authority had the requisite financial and staffing resources, or (3) the designated administrative agency of the City of Los Angeles has determined in writing that coverage would further the proprietary interests of the City of Los Angeles. Employees covered by the LWO are required to be paid not less than a minimum initial wage rate, as adjusted each year (2019 levels: \$14.25 per hour with health benefits of at least \$1.25 per hour or otherwise \$15.50 per hour). The LWO also requires that employees be provided with at least twelve (12) compensated days off per year for sick leave, vacation, or personal necessity at the employee's request, and at least ten (10) additional days per year of uncompensated time pursuant to Section 10.37.2(b). The LWO requires employers to inform employees of their possible right to the federal Earned Income Tax Credit ("EITC") and to make available the forms required to secure advance EITC payments from the employer pursuant to Section 10.37.4. Tenant shall permit access to work sites for authorized Landlord representatives to review the operation, payroll, and related documents, and to provide certified copies of the relevant records upon request by the Landlord. Whether or not subject to the LWO, Tenant shall not retaliate against any employee claiming non-compliance with the provisions of the LWO, and, in addition, pursuant to section 10.37.6(c), Tenant agrees to comply with federal law prohibiting retaliation for union organizing.

25.3.2. Living Wage Coverage Determination. This Lease, as a public lease or a public license, is subject to the LWO. Tenant, although subject to the LWO, may be exempt from most of the requirements of the LWO if Tenant qualifies for such exemption under the provisions of the LWO. Determinations as to whether an employer or employee is exempt from coverage under the LWO are not final, but are subject to review and revision as additional facts are examined and/or other interpretations of the law are considered. Applications for exemption must be renewed every two (2) years. To the extent Tenant claims non-coverage or exemption from the provisions of the LWO, the burden shall be on Tenant to prove such non-coverage or exemption, and, where applicable, renew such exemption.

25.3.3. Compliance; Termination Provisions and Other Remedies: Living Wage Policy. If Tenant is not initially exempt from the LWO, Tenant shall comply with all of the provisions of the LWO, including payment to employees at the minimum wage rates, effective on the Execution Date of this Lease, and shall execute a Declaration of Compliance Form contemporaneously with the execution of this Lease. If Tenant is initially exempt from the LWO, but later no longer qualifies for any exemption, Tenant shall, at such time as Tenant is no longer exempt, comply with the provisions of the LWO and execute the then-currently used Declaration of Compliance Form, or such form as the LWO requires. Under the provisions of Section 10.37.6(c) of the Los Angeles Administrative Code, violation of the LWO shall constitute a material breach of this Lease and Landlord shall be entitled to terminate this Lease and otherwise pursue legal remedies that may be available, including those set forth in the LWO, if Landlord determines that Tenant violated the provisions of the LWO. The procedures and time periods provided in the LWO are in lieu of the procedures and time periods provided in Section 21.1 of this Lease. Nothing in this Lease shall be construed to extend the time periods or limit the remedies provided in the LWO.

25.4. Non-Discrimination.

25.4.1. Non-Discrimination in Use of Premises. There shall be no discrimination against or segregation of any person, or group of persons, on account of race, religion, national origin, ancestry, sex, sexual orientation, age, physical handicap, marital status, domestic partner status, or medical condition in the lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the Premises or any part of the Premises or any operations or activities conducted on the Premises or any part of the Premises, 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 of occupancy of tenants, subtenants, or vendees of the Premises. Any sublease or assignment which may be permitted under this Lease shall also be subject to the non-discrimination clauses contained in this Section 25.4.

25.4.2. Non-Discrimination in Employment. Tenant agrees and obligates itself in the performance of this Lease not to discriminate against any employee or applicant for employment because of the employee's or applicant's race, religion, national origin, ancestry, sex, sexual orientation, age, physical handicap, marital status, domestic partner status, or medical condition.

25.4.3. Equal Employment Practices. During the performance of this Lease, Tenant further agrees to comply with Section 10.8.3 of the Los Angeles Administrative Code ("Equal Employment Practices"). By way of specification but not limitation, pursuant to Sections 10.8.3.E and 10.8.3.F of the Los Angeles Administrative Code, the failure of Tenant to comply with the Equal Employment Practices provisions of this Lease may be deemed to be a material breach of this Lease. No such finding shall be made or penalties assessed except upon a full and fair hearing after notice and an opportunity to be heard has been given to Tenant. Upon a finding duly made that Tenant has failed to comply with the Equal Employment Practices provisions of this Lease, this Lease may be forthwith terminated.

25.4.4. Affirmative Action Program. During the performance of this Lease, Tenant further agrees to comply with Section 10.8.4 of the Los Angeles Administrative Code ("Affirmative Action Program"). By way of specification but not limitation, pursuant to Sections 10.8.4.E and 10.8.4.F of the Los Angeles Administrative Code, the failure of Tenant to comply with the Affirmative Action Program provisions of this Lease may be deemed to be a material breach of this Lease. No such finding shall be made or penalties assessed except upon a full and fair hearing after notice and an opportunity to be heard has been given to Tenant. Upon a finding duly made that Tenant has breached the Affirmative Action Program provisions of this Lease, this Lease may be forthwith terminated.

25.4.5. Equal Benefits Provisions. This Lease is subject to Section 10.8.2.1, Article 1, Chapter 1, Division 10 of the Los Angeles Administrative Code ("Equal Benefits Provisions") related to equal benefits to employees. Tenant agrees to comply with the provisions of Section 10.8.2.1. By way of specification but not limitation, pursuant to Section 10.8.2.1.c of the Los Angeles Administrative Code, the failure of Tenant to comply with the Equal Employment Practices provisions of this Lease may be deemed to be a material breach

of this Lease. No such finding shall be made or penalties assessed except upon a full and fair hearing after notice and an opportunity to be heard has been given to Tenant. Upon a finding duly made that Tenant has failed to comply with the Equal Employment Practices provisions of this Lease, this Lease may be forthwith terminated.

25.5. Contractor Responsibility Ordinance.

25.5.1. General Provisions; Contractor Responsibility Policy. This Lease is subject to the Contractor Responsibility Ordinance ("CRO") (Section 10.40, et seq, of the Los Angeles Administrative Code "LAAC") and the rules and regulations promulgated pursuant thereto as they may be updated. The CRO requires that, unless specific exemptions apply as specified in LAAC 10.40.4(a), lessees or licensees of City property who render services on the leased or licensed premises are covered by the CRO if any of the following applies: (1) the services are rendered on premises at least a portion of which are visited by substantial numbers of the public on a frequent basis, (2) any of the services could feasibly be performed by City employees if the awarding authority had the requisite financial and staffing resources, or (3) designated administrative agency of the City has determined in writing that coverage would further the proprietary interests of the City. Lessees or licensees of City property who are not exempt pursuant to LAAC 10.40.4 (a) or (b), unless subject to the CRO solely due to an amendment to an existing lease or license, are required to have completed a questionnaire ("Questionnaire") signed under penalty of perjury designed to assist the City in determination that the lessee or licensee is one that has the necessary quality, fitness and capacity to perform the work set forth in the contract. All lessees or licensees of City property who are covered by the CRO, including those subject to the CRO due to an amendment, are required to complete the following Pledge of Compliance ("POC"):

(1) comply with all applicable federal state, and local laws and regulations in the performance of the contract, including but not limited to laws regarding health and safety, labor and employment, wage and hour, and licensing laws which affect employees;

(2) notify the awarding authority within thirty (30) calendar days after receiving notification that any government agency has initiated an investigation that may result in a finding that the lessee or licensee did not comply with Subsection (1) above in the performance of the lease or license;

(3) notify the awarding authority within thirty (30) calendar days of all findings by a government agency or court of competent jurisdiction that the lessee or licensee has violated Subsection (1) above in the performance of the lease or license;

(4) ensure within thirty (30) days (or such shorter time as may be required by the awarding authority) that subcontractors working on the lease or license submit a POC to the awarding authority signed under penalty of perjury; and

(5) ensure that subcontractors working on the lease or license abide by the requirements of the POC and the requirement to notify the awarding authority within thirty (30) calendar days that any government agency or court of competent jurisdiction has initiated an investigation or has found that the subcontractor has violated Subsection (1) above in the performance of the lease or license.

Tenant shall ensure that their subcontractors meet the criteria for responsibility set forth in the CRO and any rules and regulations promulgated thereto. Tenants may not use any

subcontractor that has been determined or found to be a non-responsible contractor by Landlord. The listing of non-responsible contractors may be accessed on the internet at: <http://www.laLandlord.org/bidresp>. Subject to approval by the awarding authority, Tenant may substitute a non-responsible subcontractor with another subcontractor with no change in the consideration for this Lease. Tenant shall submit to Landlord a Pledge of Compliance for each subcontractor listed by the Tenant in its Questionnaire, as performing work on this Lease within thirty (30) calendar days of execution of this Lease, unless the Department of General Services requires in its discretion the submission of a Pledge of Compliance within a shorter time period. The signature of Tenant on this Lease shall constitute a declaration under penalty of perjury that Tenant shall comply with the POC.

25.5.2. Update of Information. Tenant shall:

(1) notify the awarding authority within thirty (30) calendar days after receiving notification that any governmental agency has initiated an investigation that may result in a finding that Tenant did not comply with any applicable federal, state, or local law in the performance of this Lease, including but not limited to laws regarding health and safety, labor and employment, wage and hour, and licensing laws which affect employees;

(2) notify the awarding authority within thirty (30) calendar days of receiving notice of any findings by a government agency or court of competent jurisdiction that Tenant violated any applicable federal, state, or local law in the performance of this Lease including but not limited to laws regarding health and safety, labor and employment, wage and hour, and licensing laws which affect employees; and

(3) notify the awarding authority within thirty (30) calendar days of becoming aware of any information regarding its subcontractors and investigations or findings regarding the subcontractor's violations of any applicable federal, state, or local law in the performance of this Lease, including but not limited to laws regarding health and safety, labor and employment, wage and hour, and licensing laws which affect employees.

Updates of information contained in Tenant's responses to the Questionnaire must be submitted to the awarding authority within thirty (30) days of any changes to the responses if the change would affect Tenant's fitness and ability to continue performing this Lease. Notwithstanding the above, Tenant shall not be required to provide updates to the Questionnaire if Tenant became subject to the CRO solely because of an amendment to the original lease or license. Tenant shall cooperate in any investigation pursuant to CRO by providing such information as shall be requested by Landlord. Tenant agrees that Landlord may keep the identity of any complainant confidential. Tenant shall ensure that subcontractors who perform work on this Lease abide by these same updating requirements including the requirement to:

(1) notify the awarding authority within thirty (30) calendar days after receiving notification that any government agency has initiated an investigation which may result in a finding that the subcontractor did not comply with any applicable federal, state, or local law in the performance of this Lease, including but not limited to laws regarding health and safety, labor and employment, wage and hour, and licensing laws which affect employees; and

(2) notify the awarding authority within thirty (30) calendar days of all findings by a government agency or court of competent jurisdiction that the subcontractor violated any applicable federal, state, or local law in the performance of this Lease, including but not limited to laws regarding health and safety, labor and employment, wage and hour, and licensing laws which affect employees.

The requirement that Tenant provide Questionnaires and updates to Questionnaire responses does not apply to subcontractors.

25.5.3. Compliance; Termination Provisions and Other Remedies. If Tenant is not exempt from the CRO, Tenant shall comply with all of the provisions of the CRO and this Lease. Failure to comply with the provisions of the CRO, including without limitation the requirements that all responses to the Questionnaire are complete and accurate, to provide updates as provided therein and to correct any deficiencies within ten (10) days of notice by Landlord, or failure to comply with the provisions of this Lease shall constitute a material breach of this Lease and Landlord shall be entitled to terminate this Lease and otherwise pursue any legal remedies that may be available, including those set forth in the CRO. Nothing in this Lease shall be construed to extend the time periods or limit the remedies provided in the CRO.

25.6. Tax Registration Certificates and Tax Payments. This Section is applicable where Tenant is engaged in business within the City of Los Angeles and Tenant is required to obtain a Tax Registration Certificate ("TRC") pursuant to one or more of the following articles (collectively "Tax Ordinances") of Chapter II of the Los Angeles Municipal Code: Article 1 (Business Tax Ordinance) [section 21.00, et seq.], Article 1.3 (Commercial Tenant's Occupancy Tax) [section 21.3.1, et seq.], Article 1.7 (Transient Occupancy Tax) [section 21.7.1, et seq.], Article 1.11 (Payroll Expense Tax) [section 21.11.1, et seq.], or Article 1.15 (Parking Occupancy Tax) [section 21.15.1, et seq.]. Prior to the execution of this Lease, or the effective date of any extension of the Term or renewal of this Lease, Tenant shall provide to the proof satisfactory to the General Manager of the that Tenant has the required TRCs and that Tenant is not then currently delinquent in any tax payment required under the Tax Ordinances. Landlord may terminate this Lease upon thirty (30) days' prior written notice to Tenant if Landlord determines that Tenant failed to have the required TRCs or was delinquent in any tax payments required under the Tax Ordinances at the time of entering into, extending the Term of, or renewing this Lease. Landlord may also terminate this Lease upon ninety (90) days prior written notice to Tenant at any time during the Term of this Lease if Tenant fails to maintain required TRCs or becomes delinquent in tax payments required under the Tax Ordinances and Tenant fails to cure such deficiencies within the ninety (90) day period (in lieu of any time for cure provided in Article 21).

25.7 Slavery Disclosure Ordinance. This Lease is subject to the applicable provisions of the Slavery Disclosure Ordinance. ("SDO") (Section 10.41, et seq, of the Los Angeles Administrative Code). Unless otherwise exempt in accordance with the provision of this Ordinance, Tenant certifies that it has complied with the applicable provisions of the Ordinance. Under the provisions of Section 10.41.2(b) of the Los Angeles Administrative Code, Landlord has the authority, under appropriate circumstances, to terminate this Lease and otherwise pursue legal remedies that may be available to Landlord if Landlord determines that the Tenant failed to fully and accurately complete the SDO affidavit or otherwise violated any provision of the SDO.

25.8 Border Wall Contracting. This Lease is subject to Section 10.50, Article 24, Chapter 1, Division 10 of Los Angeles Administrative Code related to Disclosure of Border Wall Contracting. Tenant shall complete fully and accurately an affidavit listing all Border

Wall Bids and Border Wall Contract (as those terms are defined in the said Section 10.50). City shall have the right to terminate this Lease at any time if City determines that Tenant failed to fully and accurately complete the affidavit and disclose all Border Wall Bids and Border Wall Contracts.

25.9 NRA Contracting/Sponsorship. This Lease is subject to Section 10.52, Article 26, Chapter 1, Division 10 of Los Angeles Administrative Code related to Disclosure of Contracts and Sponsorship of the National Rifle Association. Tenant shall, from time to time as required, make the disclosure called for in the said Section 10.52. City shall have the right to terminate this Lease at any time if City determines that Tenant failed to comply with the said Section 10.52.

25.10 Use of Criminal History for Consideration of Employment Applications. This Lease is subject to Section 10.48, Article 22, Chapter 1, Division 10 of Los Angeles Administrative Code related to use of criminal history for consideration of employment applications. Tenant shall fully comply with the said Section 10.48. City shall have the right to terminate this Lease at any time if City determines that Tenant failed to fully comply with the said Section 10.48.

ARTICLE 26 [Reserved]

ARTICLE 27 MISCELLANEOUS PROVISIONS

27.1 [reserved]

27.2 Binding Effect. The covenants and conditions herein contained, subject to the provisions as to assignment, apply to and bind the heirs, successors, executors, administrators and assigns of the parties hereto.

27.3 Brokers' Commissions. Landlord and Tenant hereby warrant to each other that they have had no dealings with any real estate broker or agent in connection with the negotiation of this Lease and that they know of no other real estate broker or agent who is entitled to a commission in connection with this Lease. Tenant hereby agrees to indemnify and hold harmless Landlord from and against any claims for brokers' commissions asserted by making a claim based on its representation and/or alleged representation of Tenant.

27.4 Captions, Table of Contents. The titles or captions of all Articles, Sections, or Sections, as well as the Table of Contents, contained herein, are for convenience and reference only, are not intended to define or limit the scope of any provisions of this Lease, and shall have no effect on the interpretation of any provision of this Lease.

27.5 Conflict of Laws and Venue. This Lease shall be governed by and construed pursuant to the laws of the State of California and any litigation concerning this Lease between the parties hereto shall be initiated in Los Angeles County.

27.6 Corporate Resolution. If Tenant is a corporation and the signators for Tenant are not two officers of the corporation as specified in California Civil Code Section 313, then prior to or contemporaneous with the execution of this Lease, Tenant shall provide to Landlord a certified copy of its corporate resolution depicting the names, titles and legal signatures of the officer or

officers of the corporation authorized to execute legal documents, including this Lease, on behalf of Tenant. Within thirty (30) days after Tenant's receipt of Landlord's written request, Tenant shall provide to Landlord an updated corporate resolution depicting such names and legal signatures.

27.7 Covenants and Agreements. Each provision of this Lease performable by Tenant shall be deemed both a covenant and a condition. The failure of Landlord or Tenant to insist in any instance on the strict keeping, observance or performance of any covenant or agreement contained in this Lease, or the exercise of any election contained in this Lease shall not be construed as a waiver or relinquishment for the future of such covenant or agreement, but the same shall continue and remain in full force and effect.

27.8 Days. Unless otherwise specified, all references in this Lease to less than ten days shall mean business days and all references in this Lease to ten or more days shall mean calendar days. As used herein, "business days" shall mean every day of the year except for all Saturdays, Sundays, and days on which the City of Los Angeles does not open its city halls for normal business. All references to "notice" shall mean written notice given in compliance with Article 2. All references, if any, to "month" or "months" shall be deemed to include the actual number of days in such actual month or months.

27.9 Exhibits – Incorporation. All exhibits referred to are attached to this Lease and incorporated by reference.

27.10 Force Majeure. Except as otherwise provided in this Lease, whenever a day is established in this Lease on which, or a period of time, including a reasonable period of time, is designated within which, either party is required to do or complete any act, matter or thing, the time for the doing or completion thereof shall be extended by a period of time equal to the number of days on or during which such party is prevented from, or is unreasonably interfered with, the doing or completion of such act, matter or thing because of strikes, lockouts, embargoes, unavailability of services, labor or materials, disruption of service or brownouts from utilities not due to action or inaction of Landlord, wars, insurrections, rebellions, civil disorder, declaration of national emergencies, acts of God, or other causes beyond such party's reasonable control (financial inability excepted) ("Force Majeure"); provided, however, that nothing contained in this Section shall excuse Tenant from the prompt payment of any charge required of Tenant hereunder. Neither party shall be liable for, and in particular Tenant shall not be entitled to any right to terminate by reason of, any such delays or failures or other inability to provide services or access under this Lease due to Force Majeure.

27.11 Limitation of Landlord's Liability.

27.11.1 Personal Liability. The obligations of Landlord hereunder do not constitute personal obligations of the individual partners, directors, officers, officials or shareholders of Landlord. Thus, Tenant shall not seek recourse against the individual partners, directors, officers, officials or shareholders of Landlord or any of their personal assets for satisfaction of any liability in respect to this Lease. Any liability of Landlord hereunder shall be limited to Landlord's interest in the Premises.

27.11.2 Consequential Damages. Notwithstanding any contrary provision herein, in no event shall either Landlord or Tenant be liable under any circumstances for injury or damage to, or interference with, the others' business, including but not limited to, loss of profits or other revenues, or loss of business opportunity or loss of goodwill, in each case, however occurring.

27.12 [reserved].

27.13 No Partnership. Nothing contained in this Lease shall be deemed or construed to create the relationship of principal and agent or of partnership or of joint venture or of any association between Landlord and Tenant. None of the provisions contained in this Lease or any acts of the parties hereto shall be deemed to create any relationship between Landlord and Tenant other than the relationship of landlord and tenant.

27.14 Partial Invalidity. If any provision or condition contained in this Lease shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such provision or condition to persons or circumstances other than those with respect to which it is invalid or unenforceable, shall not be affected thereby, and each and every other provision and condition of this Lease shall be valid and enforceable to the fullest extent possible permitted by law.

27.15 Accessibility Disclosure. As required by Section 1938(e) of the California Civil Code, Landlord hereby states as follows: "A Certified Access Specialist (CASp) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises." In furtherance of the foregoing, Landlord and Tenant hereby agree that any CASp inspection requested by Tenant shall be conducted, at Tenant's sole cost and expense, by a CASp approved in advance by Landlord.

In the event any such CASp inspection requested by Tenant indicates that repairs or modifications are required to cause the Premises to comply with applicable construction-related accessibility standards, Landlord shall not be required to perform any such repairs or modifications.

27.16 Prior Agreement/Amendments. This Lease contains all of the agreements of the parties hereto with respect to any matter covered or mentioned in this Lease, and no prior agreement or understanding, oral or written, express or implied, pertaining to any such matter shall be effective for any purpose. No provision of this Lease may be amended or added to except by an agreement in writing signed by the parties hereto or their respective successors in interest. The parties acknowledge that all prior agreements, representations and negotiations are deemed superseded by the execution of this Lease to the extent they are not incorporated herein.

27.17 Quiet Possession. Upon Tenant observing and performing all of the covenants, conditions and provisions on Tenant's part to be observed and performed hereunder, Tenant shall have quiet possession of the Premises for the entire Term hereof, subject to all the provisions of this Lease.

27.18 Professional Fees. In the event that either party bring suit against the other because of the breach of any provisions of this Lease or with respect to matters arising from or related to this Lease, the prevailing party therein shall not be entitled to any costs and expenses, including, without limitation, actual and reasonable professional fees such as appraisers', accountants' and attorneys' fees, incurred by such prevailing party.

27.19 Signs. Tenant shall not place any sign upon the Premises or the Building without Landlord's prior written consent. Landlord hereby agrees that Tenant shall be permitted to install identification signage necessary to identify the shelter facility, its operating hours, and the services provided therein.

27.20 Time. Time is of the essence with respect to the performance of every provision of this Lease in which time or performance is a factor.

27.21 Unspecified Payment Date. Whenever a payment is required to be made by one party to the other under this Lease, but a specific date for payment or a specific number of days within which payment is to be made is not set forth in this Lease, or the words "immediately," "promptly" and/or "on demand," or their equivalent, are used to specify when such payment is due, then such payment shall be due thirty (30) days after the party which is entitled to such payment sends written notice to the other party demanding such payment. The terms of this Section 27.21 shall not be deemed to modify the terms of Section 6.6 above.

27.22 County-Required Use Restrictions. As a condition of County's funding of most of the Tenant Improvements, County requires the recordation of certain use restrictions ("Use Restrictions") against Landlord's and Tenant's respective property interests in the Premises. Landlord hereby agrees to execute the Use Restrictions in the form attached hereto as **Exhibit F**. Tenant hereby agrees to execute the said Use Restrictions and shall comply with all those requirements and obligations set forth therein for Tenant.

IN WITNESS WHEREOF, The City of Los Angeles, acting by and through its Department of General Services, as Landlord herein, and Home at Last Community Development Corporation, as Tenant herein, have caused this Lease to be executed as of the date of the attestation by the City Clerk.

[signature page follows]

LANDLORD:

CITY OF LOS ANGELES, a municipal corporation, acting by and through its Department of General Services

By: [Signature]
Name: LOU M. RUSSELL
Title: GM
Date: 5/23/19
5/24/19 mc

APPROVED AS TO FORM:

MICHAEL N. FEUER, City Attorney

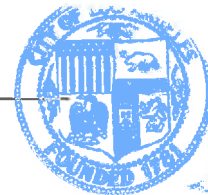
By: [Signature]
Name: Edward Young
Title: Deputy City Attorney
Date: 5-20-19

ATTEST:

HOLLY L. WOLCOTT, City Clerk

By: [Signature]
Deputy

Date: 5-22-19
C-133219



TENANT:

Home at Last Community Development Corporation,
a California nonprofit corporation

By: [Signature]
Name: Michael Young
Title: Executive Director
Date: 5/6/19

By: _____
Name: _____
Title: _____
Date: _____

EXHIBIT A

Master Lease

[TO BE ATTACHED]

**OPERATIONS CLUSTER
FY 2022-23 RECOMMENDED BUDGET
APRIL 13, 2022**

COUNTY COUNSEL

Changes From 2021-22 Budget

	Gross Appropriation (\$)	Intrafund Transfer (\$)	Revenue (\$)	Net County Cost (\$)	Budg Pos
2021-22 Final Adopted Budget	182,950,000	125,398,000	40,800,000	16,752,000	683.0
Other Changes					
1. Employee Benefits: Primarily reflects Board-approved increases in health insurance subsidies.	143,000	113,000	15,000	15,000	--
2. Unavoidable Costs: Reflects changes in workers' compensation costs due to anticipated benefit increases.	18,000	16,000	2,000	--	--
3. Retirement: Reflects an increase primarily due to adjustments for position changes as well as prior-year investment gains and losses in the Los Angeles County Employees Retirement Association's investment portfolio.	72,000	56,000	8,000	8,000	--
4. Retiree Health Insurance: Reflects a projected increase in retiree health insurance premiums, as well as a scheduled increase in the Department's proportional share of the costs to prefund the County's retiree healthcare benefits.	568,000	447,000	61,000	60,000	--
5. One-Time Funding: Reflects an adjustment to remove prior-year funding that was provided on a one-time basis for legal fees and services, information technology equipment and software upgrades, and department-wide upgrades.	(1,608,000)	--	--	(1,608,000)	--
6. Countywide Cost Allocation Adjustment: Reflects an adjustment in rent charges to comply with Federal Office of Management and Budget claiming guidelines (2CFR Part 200).	1,000	--	1,000	--	--
Total Changes	(806,000)	632,000	87,000	(1,525,000)	0.0
2022-23 Recommended Budget	182,144,000	126,030,000	40,887,000	15,227,000	683.0

OPERATIONS CLUSTER
FY 2022-23 RECOMMENDED BUDGET
APRIL 13, 2022

DEPARTMENT OF HUMAN RESOURCES

Changes From 2021-22 Budget

	Gross Appropriation (\$)	Intrafund Transfer (\$)	Revenue (\$)	Net County Cost (\$)	Budg Pos
2021-22 Final Adopted Budget	110,611,000	68,052,000	22,668,000	19,891,000	581.0
Other Changes					
1. Employee Benefits: Primarily reflects Board-approved increases in health insurance subsidies.	118,000	75,000	22,000	21,000	--
2. Unavoidable Costs: Reflects changes in workers' compensation costs due to anticipated benefit increases.	152,000	119,000	33,000	--	--
3. Retirement: Reflects an increase primarily due to adjustments for position changes as well as prior-year investment gains and losses in the Los Angeles County Employees Retirement Association's investment portfolio.	145,000	92,000	27,000	26,000	--
4. Retiree Health Insurance: Reflects a projected increase in retiree health insurance premiums, as well as a scheduled increase in the Department's proportional share of the costs to prefund the County's retiree healthcare benefits.	331,000	209,000	62,000	60,000	--
5. One-Time Funding: Reflects an adjustment to remove prior-year funding that was provided on a one-time basis to replace the Advocacy Case Management System (\$0.3 million) and for IT upgrades and installations at the new Vermont Corridor location (\$0.2 million).	(478,000)	--	--	(478,000)	--
6. Employee Commuter Program: Reflects an increase in funding from the Air Quality Improvement Fund for the Employee Commuter Program.	68,000	--	68,000	--	--
Total Changes	336,000	495,000	212,000	(371,000)	0.0
2022-23 Recommended Budget	110,947,000	68,547,000	22,880,000	19,520,000	581.0

**OPERATIONS CLUSTER
FY 2022-23 RECOMMENDED BUDGET
APRIL 13, 2022**

LA PLAZA DE CULTURA Y ARTES

Changes From 2021-22 Budget

	Gross Appropriation (\$)	Intrafund Transfer (\$)	Revenue (\$)	Net County Cost (\$)	Budg Pos
2021-22 Final Adopted Budget	1,792,000	0	0	1,792,000	0.0
Other Changes					
1. Operating Agreement: Reflects an increase in funding pursuant to the 2012 operating agreement.	89,000	--	--	89,000	--
Total Changes	89,000	0	0	89,000	0.0
2022-23 Recommended Budget	1,881,000	0	0	1,881,000	0.0

**OPERATIONS CLUSTER
FY 2022-23 RECOMMENDED BUDGET
APRIL 13, 2022**

MUSEUM OF ART

Changes From 2021-22 Budget

	Gross Appropriation (\$)	Intrafund Transfer (\$)	Revenue (\$)	Net County Cost (\$)	Budg Pos
2021-22 Final Adopted Budget	35,877,000	0	0	35,877,000	19.0
Other Changes					
1. Employee Benefits: Reflects a net decrease in employee benefits based on prior-year experience, fully offset with an increase in services and supplies.	--	--	--	--	--
2. Operating Agreement: Reflects an increase in funding pursuant to the 1994 operating agreement.	1,747,000	--	--	1,747,000	--
3. One-Time Funding: Reflects an adjustment to remove prior-year funding that was provided on a one-time basis consistent with the Board-approved operating agreement.	(938,000)	--	--	(938,000)	--
Total Changes	809,000	0	0	809,000	0.0
2022-23 Recommended Budget	36,686,000	0	0	36,686,000	19.0

**OPERATIONS CLUSTER
FY 2022-23 RECOMMENDED BUDGET
APRIL 13, 2022**

MUSEUM OF NATURAL HISTORY

Changes From 2021-22 Budget

	Gross Appropriation (\$)	Intrafund Transfer (\$)	Revenue (\$)	Net County Cost (\$)	Budg Pos
2021-22 Final Adopted Budget	23,722,000	0	375,000	23,347,000	8.0
Other Changes					
1. Employee Benefits: Primarily reflects a net decrease in employee benefits, fully offset with an increase in services and supplies.	--	--	--	--	--
2. Operating Agreement: Reflects an increase in funding pursuant to the 1994 operating agreement.	1,147,000	--	--	1,147,000	--
3. One-Time Funding: Reflects an adjustment to remove prior-year funding that was provided on a one-time basis consistent with the Board-approved operating agreement.	(395,000)	--	--	(395,000)	--
4. Miscellaneous Adjustments: Reflects a decrease in appropriation and revenues to account for changes in Productivity Investment Fund (PIF) grant activity.	(375,000)	--	(375,000)	--	--
Total Changes	377,000	0	(375,000)	752,000	0.0
2022-23 Recommended Budget	24,099,000	0	0	24,099,000	8.0

**OPERATIONS CLUSTER
FY 2022-23 RECOMMENDED BUDGET
APRIL 13, 2022**

GRAND PARK

Changes From 2021-22 Budget

	Gross Appropriation (\$)	Intrafund Transfer (\$)	Revenue (\$)	Net County Cost (\$)	Budg Pos
2021-22 Final Adopted Budget	9,362,000	0	726,000	8,636,000	0.0
<i>New/Expanded Programs</i>					
1. Fourth of July: Reflects an increase in funding for materials and labor costs associated with the Fourth of July celebration.	182,000	--	--	182,000	--
<i>Other Changes</i>					
1. One-Time Funding: Reflects an adjustment to remove prior-year funding that was provided on a one-time basis for programming and operations throughout Grand Park.	(110,000)	--	--	(110,000)	--
2. Operating Agreement: Reflects an increase in funding for custodial and landscaping costs pursuant to the 2021 operating agreement.	98,000	--	--	98,000	--
3. Services and Supplies: Reflects an increase in services and supplies for park operations, fully offset by an increase in sponsorship and rental fee revenues based on anticipated trends.	21,000	--	21,000	--	--
Total Changes	191,000	0	21,000	170,000	0.0
2022-23 Recommended Budget	9,553,000	0	747,000	8,806,000	0.0

OPERATIONS CLUSTER
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MUSIC CENTER

Changes From 2021-22 Budget

	Gross Appropriation (\$)	Intrafund Transfer (\$)	Revenue (\$)	Net County Cost (\$)	Budg Pos
2021-22 Final Adopted Budget	32,369,000	0	667,000	31,702,000	0.0
Other Changes					
1. One-Time Funding: Reflects an adjustment to remove prior-year funding that was provided on a one-time basis for COVID-19 cleaning and the Annual Holiday Celebration.	(1,481,000)	--	--	(1,481,000)	--
2. Countywide Cost Allocation Adjustment: Reflects an adjustment in rent charges to comply with Federal Office of Management and Budget claiming guidelines (2 CFR Part 200).	2,000	--	--	2,000	--
3. Unavoidable Costs: Reflects anticipated unavoidable cost increases in County-funded contracts for insurance and custodial services.	349,000	--	--	349,000	--
4. Usher and Security Services: Reflects an increase in funding for usher and security services as a result of the City of Los Angeles' minimum wage requirements.	602,000	--	--	602,000	--
5. Utilities: Reflects an increase in funding for utility costs due to anticipated rate increases.	500,000	--	--	500,000	--
6. Cogeneration Revenue: Reflects the loss of revenue due to the contract expiration between the County and Los Angeles City Department of Water and Power to purchase electricity produced by the Civic Center cogeneration power plant.	--	--	(335,000)	335,000	--
Total Changes	(28,000)	0	(335,000)	307,000	0.0
2022-23 Recommended Budget	32,341,000	0	332,000	32,009,000	0.0

OPERATIONS CLUSTER
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INTERNAL SERVICES DEPARTMENT

Changes From 2021-22 Budget

	Gross Appropriation (\$)	Intrafund Transfer (\$)	Revenue (\$)	Net County Cost (\$)	Budg Pos
2021-22 Final Adopted Budget	774,091,000	576,185,000	127,711,000	70,195,000	2,151.0
<i>New/Expanded Programs</i>					
1. Cybersecurity Governance & Operations: Reflects a net increase in reimbursable funding primarily to expand services provided to other County departments.	130,000	107,000	23,000	--	--
2. Communications & Mobility Services: Reflects a net increase in reimbursable funding for capital asset equipment needs.	111,000	91,000	20,000	--	--
3. Shared Services: Reflects a net increase in reimbursable funding for capital asset equipment needs.	2,681,000	2,198,000	483,000	--	--
4. Purchasing & Contract Services: Reflects an increase in reimbursable funding primarily to increase services provided to other County departments.	37,000	30,000	7,000	--	--
5. Energy & Environmental Services: Reflects a net increase in reimbursable funding primarily for the Employee Commute Reduction Program, partially offset by the reduction for services from Treasurer and Tax Collector (TTC) for the Property Assessed Clean Energy (PACE) Program.	1,706,000	(392,000)	2,098,000	--	--
<i>Other Changes</i>					
1. Employee Benefits: Primarily reflects Board-approved increase in health insurance subsidies.	27,000	22,000	5,000	--	--
2. Retirement: Reflects a decrease primarily due to adjustments for position changes as well as prior-year investment gains and losses in the Los Angeles County Employees Retirement Association's investment portfolio.	(706,000)	(545,000)	(120,000)	(41,000)	--
3. Retiree Health Insurance: Reflects a projected increase in retiree health insurance premiums, as well as a scheduled increase in the Department's proportional share of costs to prefund the County's retiree healthcare benefits.	1,003,000	774,000	170,000	59,000	--
4. Unavoidable Costs: Reflects a change in workers' compensation costs due to anticipated benefit increases and medical cost trends.	226,000	185,000	41,000	--	--
5. Countywide Cost Allocation Adjustment: Reflects an adjustment in rent charges to comply with Federal Office of Management and Budget claiming guidelines (2 CFR Part 200).	164,000	--	--	164,000	--

OPERATIONS CLUSTER
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	Gross Appropriation (\$)	Intrafund Transfer (\$)	Revenue (\$)	Net County Cost (\$)	Budg Pos
6. One-Time Funding: Reflects an adjustment to remove prior-year funding that was provided on a one-time basis for cybersecurity (\$12.2 million), SD-WAN (\$1.6 million), Vehicle Replacement Plan (\$9.2 million), EV infrastructure (\$5.3 million), e-procurement System (\$3.1 million), and LA-RICS (\$0.4 million).	(31,732,000)	(3,844,000)	(1,099,000)	(26,789,000)	--
7. Facilities: Reflects a net decrease in facilities building maintenance and improvement costs and professional services, partially offset by increases in custodial contracts, automotive contracts, utilities, and computer software.	(6,162,000)	(2,186,000)	(3,976,000)	--	--
8. Administration: Reflects a decrease in reimbursable funding primarily due to a reduction in costs for services provided to other County departments.	(231,000)	(189,000)	(42,000)	--	--
9. Ordinance Only Positions: Reflects the addition of 50.0 Student Professional Worker -IT, ordinance-only positions for DTD.	--	--	--	--	--
Total Changes	(32,746,000)	(3,749,000)	(2,390,000)	(26,607,000)	0.0
2022-23 Recommended Budget	741,345,000	572,436,000	125,321,000	43,588,000	2,151.0

OPERATIONS CLUSTER
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TELEPHONE UTILITIES

Changes From 2021-22 Budget

	Gross Appropriation (\$)	Expenditure Distribution/ IFT (\$)	Revenue (\$)	Net County Cost (\$)	Budg Pos
2021-22 Final Adopted Budget	121,022,000	121,004,000	18,000	0	0.0
Other Changes					
1. Carrier Costs: Reflects a net decrease in carrier costs primarily due to a reduction in consulting services for the Registrar-Recorder/ County Clerk's Voting Solutions for All People (VSAP) project and services provided to the Sheriff for body-worn cameras. These decreases are partially offset by additional services required by the Department of Public Social Services (DPSS) for the AT&T Mobility Global Short Message Services and the Session Initiation Protocol Trunks for various departments.	(15,468,000)	(15,547,000)	79,000	--	--
2. Enterprise Network, Internet and Administration (ENIA): Reflects a net increase primarily due to the implementation of the Countywide Wireless First Initiative, resources for internet data security, and Board-approved increases in employee benefits for ISD support costs, partially offset by the removal of the \$1.5 million AT&T annual credit.	3,118,000	3,118,000	--	--	--
3. Voice-over Internet Protocol (VoIP): Reflects an increase primarily due to infrastructure licensing and maintenance agreement costs for DPSS and Board-approved increases in employee benefits for ISD support costs.	786,000	786,000	--	--	--
4. Telecommunications Equipment and Services Master Agreement (TESMA) Leases: Reflects a decrease primarily due to expired leases and lease payoffs.	(943,000)	(943,000)	--	--	--
Total Changes	(12,507,000)	(12,586,000)	79,000	0	0.0
2022-23 Recommended Budget	108,515,000	108,418,000	97,000	0	0.0

OPERATIONS CLUSTER
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UTILITIES

Changes From 2021-22 Budget

	Gross Appropriation (\$)	Expenditure Distribution/ IFT (\$)	Revenue (\$)	Net County Cost (\$)	Budg Pos
2021-22 Final Adopted Budget	232,860,000	185,635,000	42,546,000	4,679,000	0.0
Other Changes					
1. One-Time Funding: Reflects an adjustment to remove prior-year funding that was provided on a one-time basis for the Energy Revolving Loan Fund to finance efficiency projects.	(4,500,000)	--	--	(4,500,000)	--
2. Natural Gas: Reflects an increase in funding based on current year expenditures, consumption trends, and anticipated rate increases. The reduction in NCC is due to a tenant change at the Lynwood Regional Detention Center.	7,227,000	6,839,000	393,000	(5,000)	--
3. Electricity: Reflects an increase in funding based on current year expenditures, consumption trends, and anticipated rate increases. The reduction in NCC is due to a tenant change at the Lynwood Regional Detention Center.	5,312,000	4,730,000	639,000	(57,000)	--
4. Water and Other Utilities: Reflects an increase in funding based on current year expenditures, consumption trends, and anticipated rate increases. The reduction in NCC is due to a tenant change at the Lynwood Regional Detention Center.	2,194,000	2,145,000	74,000	(25,000)	--
5. Projects Funded by Southern California Regional Energy Network: Reflects an increase in grant funding.	212,000	--	212,000	--	--
6. Energy Management Programs: Reflects an increase in funding primarily due to projected increases in employee benefits for various energy management programs.	142,000	127,000	15,000	--	--
7. Barakat Settlement: Reflects an increase in funding for the Energy Cost Adjustment Factor projects funded by the Barakat agreement with Los Angeles Department of Water and Power for electricity overcharges to public agencies.	2,000	--	2,000	--	--
8. Public Agency Revolving Loan Fund: Reflects a decrease in funding for the Los Angeles County Public Agency Revolving Loan Fund program.	(1,700,000)	--	(1,700,000)	--	--
9. Healthy Store Refrigeration Grant (HSRG): Reflects a decrease in funding due to the completion of the HSRG funded projects.	(863,000)	--	(863,000)	--	--
10. Energy Investment Program (EIP): Reflects a decrease in funding for EIP projects identified throughout the County.	(768,000)	--	(768,000)	--	--

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	Gross Appropriation (\$)	Expenditure Distribution/ IFT (\$)	Revenue (\$)	Net County Cost (\$)	Budg Pos
11. Energy Efficiency Conservation Block Grants (EECBG) – California Energy Commission (CEC): Reflects a decrease in funding for the remaining balance of the intergovernmental contract with CEC to implement energy efficiency retrofit projects.	(29,000)	--	(29,000)	--	--
12. EECBG – Better Buildings Program (BBP): Reflects a decrease in funding for the remaining balance of the BBP fund.	(26,000)	--	(26,000)	--	--
Total Changes	7,203,000	13,841,000	(2,051,000)	(4,587,000)	0.0
2022-23 Recommended Budget	240,063,000	199,476,000	40,495,000	92,000	0.0

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ARTS AND CULTURE

Changes From 2021-22 Budget

	Gross Appropriation (\$)	Intrafund Transfer (\$)	Revenue (\$)	Net County Cost (\$)	Budg Pos
2021-22 Final Adopted Budget	24,930,000	91,000	7,835,000	17,004,000	42.0
New/Expanded Programs					
1. Research and Evaluation: Reflects the addition of 1.0 Chief, Arts and Culture position and services and supplies to lead systematic and strategic data collection and research for the Department to measure the impact and effectiveness of programs and countywide initiatives.	292,000	--	--	292,000	1.0
2. Public Art in Private Development: Reflects the addition of 1.0 Manager, Arts and Culture position to implement and manage the Public Art in Private Development Ordinance, fully offset with in-lieu fee revenue.	214,000	--	214,000	--	1.0
Other Changes					
1. Employee Benefits: Primarily reflects Board-approved increases in health insurance subsidies.	9,000	--	--	9,000	--
2. Retiree Health Insurance: Reflects a projected increase in retiree health insurance premiums, as well as a scheduled increase in the Department's proportional share of the costs to prefund the County's retiree healthcare benefits.	93,000	--	--	93,000	--
3. Unavoidable Costs: Reflects changes in workers' compensation due to anticipated benefit increases and medical cost trends, fully offset by a decrease in the Megaflex benefit.	--	--	--	--	--
4. One-Time Funding: Reflects an adjustment to remove prior-year funding that was provided on a one-time basis for a Cultural Recovery Grant (\$1.0 million), Cultural Policy needs assessment (\$0.3 million), and communications support (\$0.2 million).	(1,400,000)	--	--	(1,400,000)	--
Total Changes	(792,000)	0	214,000	(1,006,000)	2.0
2022-23 Recommended Budget	24,138,000	91,000	8,049,000	15,998,000	44.0

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ASSESSOR

Changes From 2021-22 Budget

	Gross Appropriation (\$)	Intrafund Transfer (\$)	Revenue (\$)	Net County Cost (\$)	Budg Pos
2021-22 Final Adopted Budget	253,784,000	18,000	78,740,000	175,026,000	1,380.0
Other Changes					
1. Employee Benefits: Primarily reflects Board-approved increases in health insurance subsidies.	300,000	--	94,000	206,000	--
2. Retirement: Reflects an increase primarily due to adjustments for position changes as well as prior-year investment gains and losses in Los Angeles County Employees Retirement Association's investment portfolio.	134,000	--	42,000	92,000	--
3. Retiree Health Insurance: Reflects a projected increase in retiree health insurance premiums, as well as a scheduled increase in the Department's proportional share of costs to prefund the County's retiree healthcare benefits.	1,381,000	--	433,000	948,000	--
4. Unavoidable Costs: Reflects changes in workers' compensation costs due to anticipated benefit increases and medical cost trends, fully offset by a decrease in Horizons thrift plan.	--	--	--	--	--
5. One-Time Funding: Reflects an adjustment to remove prior-year funding provided on a one-time basis for the Assessor Modernization Project (\$24.0 million), overtime (\$4.0 million), legal services (\$3.0 million), Assessor Modernization Project system changes for Proposition 19 (\$1.0 million), the ownership deed processing project (\$1.2 million), map book mold remediation (\$3.0 million), and the Assets Development Investment Fund loan payment (\$0.6 million).	(36,819,000)	--	--	(36,819,000)	--
6. Countywide Cost Allocation Adjustment: Reflects an adjustment in rent charges to comply with Federal Office of Management and Budget claiming guidelines (2 CFR Part 200).	143,000	--	45,000	98,000	--
Total Changes	(34,861,000)	0	614,000	(35,475,000)	0.0
2022-23 Recommended Budget	218,923,000	18,000	79,354,000	139,551,000	1,380.0

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AUDITOR-CONTROLLER

Changes From 2021-22 Budget

	Gross Appropriation (\$)	Intrafund Transfer (\$)	Revenue (\$)	Net County Cost (\$)	Budg Pos
2021-22 Final Adopted Budget	117,940,000	63,519,000	25,849,000	28,572,000	627.0
Other Changes					
1. Retirement: Reflects an increase primarily due to adjustments for position changes as well as prior-year investment gains and losses in Los Angeles County Employees Retirement Association's investment portfolio.	22,000	9,000	7,000	6,000	--
2. Retiree Health Insurance: Reflects a projected increase in retiree health insurance premiums, as well as a scheduled increase in the Department's proportional share of the costs to prefund the County's retiree healthcare benefits.	504,000	201,000	174,000	129,000	--
3. Unavoidable Costs: Reflects changes in workers' compensation costs due to anticipated benefit decreases and medical cost trends.	(50,000)	(27,000)	(23,000)	--	--
4. One-Time Funding: Reflects an adjustment to remove prior-year funding that was provided on a one-time basis for the Property Tax Database legacy mainframe (\$0.2 million), laptops (\$0.6 million), and the Time Management System (\$0.3 million).	(1,096,000)	--	--	(1,096,000)	--
5. Ministerial Adjustments: Reflects an alignment of expenditures and billings for services based on historical and anticipated trends and a Board-approved reclassification.	696,000	107,000	589,000	--	--
6. Countywide Cost Allocation Adjustment: Reflects an adjustment in rent charges to comply with Federal Office of Management and Budget claiming guidelines (2CFR Part 200).	3,000	2,000	--	1,000	--
Total Changes	79,000	292,000	747,000	(960,000)	0.0
2022-23 Recommended Budget	118,019,000	63,811,000	26,596,000	27,612,000	627.0

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INTEGRATED APPLICATIONS

Changes From 2021-22 Budget

	Gross Appropriation (\$)	Intrafund Transfer (\$)	Revenue (\$)	Net County Cost (\$)	Budg Pos
2021-22 Final Adopted Budget	52,977,000	31,203,000	6,603,000	15,171,000	0.0
Other Changes					
1. Enterprise Systems Maintenance: Reflects a decrease in Internal Services Department costs for enterprise systems maintenance.	(376,000)	(314,000)	(62,000)	--	--
2. Mobility Licensing: Reflects funding for mobility licensing needed for mobile applications that will be developed in FY 2022-23.	75,000	63,000	12,000	--	--
3. One-time Funding: Reflects an adjustment to remove prior-year funding that was provided on a one-time basis for the Enterprise Systems Project and Data and Analytics IT project.	(1,560,000)	--	--	(1,560,000)	--
4. Ministerial Adjustments: Reflects the realignment of services and supplies and other charges for capital lease costs.	--	--	--	--	--
Total Changes	(1,861,000)	(251,000)	(50,000)	(1,560,000)	0.0
2022-23 Recommended Budget	51,116,000	30,952,000	6,553,000	13,611,000	0.0

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TREASURER AND TAX COLLECTOR

Changes From 2021-22 Budget

	Gross Appropriation (\$)	Intrafund Transfer (\$)	Revenue (\$)	Net County Cost (\$)	Budg Pos
2021-22 Final Adopted Budget	90,145,000	10,908,000	48,428,000	30,809,000	498.0
Other Changes					
1. Employee Benefits: Primarily reflects Board-approved increases in health insurance subsidies.	5,000	--	1,000	4,000	--
2. Retiree Health Insurance: Reflects a projected increase in retiree health insurance premiums, as well as a scheduled increase in the Department's proportional share of the costs to prefund the County's retiree healthcare benefits.	286,000	--	73,000	213,000	--
3. Unavoidable: Reflects changes in workers' compensation due to anticipated benefit increases and medical cost trends, fully offset by a decrease in services and supplies.	--	--	--	--	--
4. One-time Funding: Reflects an adjustment to remove prior-year funding that was provided on a one-time basis for the Property Tax Database system (\$0.2 million); laptops (\$0.1 million); wireless connectivity project to establish an alternative worksite at the Public Administrator warehouse (\$0.2 million); Public Administrator warehouse parking lot repair (\$0.3 million); 8 th floor Hall of Records move (\$0.1 million); and remote access software (\$0.3 million).	(1,070,000)	--	--	(1,070,000)	--
5. Countywide Cost Allocation Adjustment: Reflects an adjustment in rent charges to comply with Federal Office of Management and Budget claiming guidelines (2 CFR Part 200).	1,000	--	--	1,000	--
Total Changes	(778,000)	0	74,000	(852,000)	0.0
2022-23 Recommended Budget	89,367,000	10,908,000	48,502,000	29,957,000	498.0

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CONSUMER AND BUSINESS AFFAIRS

Changes From 2021-22 Budget

	Gross Appropriation (\$)	Intrafund Transfer (\$)	Revenue (\$)	Net County Cost (\$)	Budg Pos
2021-22 Final Adopted Budget	34,637,000	13,118,000	4,150,000	17,369,000	153.0
<i>New/Expanded Programs</i>					
1. Dispute Resolution Program: Reflects the addition of 1.0 Human Relations Consultant (HRC) position associated with the transfer of the Dispute Resolution Program from WDACS.	230,000	--	230,000	--	1.0
2. Office of Labor Equity: Reflects one-time funding for a consultant to assist the Department with the expansion and centralization of worker protections under the OLE.	200,000	--	--	200,000	--
3. Asylee Orientation Session Services Program: Reflects the addition of 1.0 Consumer and Business Affairs Representative Supervisor position and services and supplies to assist with the recently established AOSSP, fully offset with IFT from DPSS.	420,000	420,000	--	--	1.0
<i>Other Changes</i>					
1. Retirement: Reflects an increase primarily due to adjustments for position changes, as well prior-year investment gains and losses in the Los Angeles County Employees Retirement Association's investment portfolio.	405,000	--	--	405,000	--
2. Retiree Health Insurance: Reflects a projected increase in retiree health insurance premiums, as well as a scheduled increase in the Department's proportional share of costs to prefund the County's retiree healthcare benefits.	190,000	--	--	190,000	--
3. Employee Benefits: Primarily reflects Board-approved increases in health insurance subsidies.	105,000	--	--	105,000	--
4. Unavoidable Costs: Reflects changes in workers' compensation costs due to anticipated benefits increases and medical cost trends, fully offset with decreases in other employee benefits costs based on historical trends.	--	--	--	--	--
5. One-Time Funding: Reflects an adjustment to remove prior-year funding that was provided on a one-time basis for Eviction Defense Prevention Program (\$2.1 million), Self Help Legal Access Centers (SHLAC) (\$2.9 million), Centro Maravilla (\$0.3 million), and other various one-time program costs (\$1.5 million).	(6,799,000)	--	--	(6,799,000)	--
6. SHLAC: Reflects one-time funding for the continuation of SHLAC services.	2,892,000	--	--	2,892,000	--
7. Administration: Reflects the addition of 1.0 Administrative Deputy I and 1.0 Chief, Consumer and Business Affairs positions to strengthen the Department's administration operations, fully offset by the deletion of 1.0 Consumer and Business Affairs Specialist and 1.0 HRC positions, and services and supplies.	--	--	--	--	--

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	Gross Appropriation (\$)	Intrafund Transfer (\$)	Revenue (\$)	Net County Cost (\$)	Budg Pos
8. Position Reclassifications: Reflects Board-approved position reclassifications.	--	--	--	--	--
9. Homeowner Fraud Prevention Program (HFPP): Reflects the deletion of one-time HFPP grant funding.	(50,000)	--	(50,000)	--	--
10. Countywide Cost Allocation Adjustment: Reflects an adjustment in rent charges to comply with Federal Office of Management and Budget claiming guidelines (2 CFR Part 200).	(1,000)	--	--	(1,000)	--
Total Changes	(2,408,000)	420,000	180,000	(3,008,000)	2.0
2022-23 Recommended Budget	32,229,000	13,538,000	4,330,000	14,361,000	155.0

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REGISTRAR-RECORDER/COUNTY CLERK

Changes From 2021-22 Budget

	Gross Appropriation (\$)	Intrafund Transfer (\$)	Revenue (\$)	Net County Cost (\$)	Budg Pos
2021-22 Final Adopted Budget	311,939,000	14,000	144,803,000	167,122,000	1,161.0
Other Changes					
1. Retiree Health Insurance: Reflects a projected increase in retiree health insurance premiums, as well as a scheduled increase in the Department's proportional share of costs to prefund the County's retiree healthcare benefits.	654,000	--	--	654,000	--
2. One-Time Funding: Reflects an adjustment to remove prior-year funding that was provided on a one-time basis for the Voting Solutions for All People program (\$33.2 million), Vote By Mail lease costs (\$0.8 million), IT services (\$2.7 million), financial accounting system (\$1.0 million), and vehicle replacement (\$0.4 million).	(38,035,000)	--	--	(38,035,000)	--
3. Gubernatorial Recall: Reflects an adjustment to remove one-time State funding for the September 2021 Gubernatorial Recall election.	(59,793,000)	--	(59,793,000)	--	--
4. Unavoidable Costs: Reflects changes in workers' compensation costs due to anticipated benefit increases, and medical cost trends, fully offset by an increase in Recorder Fee revenue.	201,000	--	201,000	--	--
5. Position Reclassifications: Reflects Board-approved position reclassifications, fully offset by a decrease in overtime.	--	--	--	--	--
6. Countywide Cost Allocation Adjustment: Reflects an adjustment in rent charges to comply with Federal Office of Management and Budget claiming guidelines (2 CFR Part 200).	33,000	--	--	33,000	--
Total Changes	(96,940,000)	0	(56,592,000)	(37,348,000)	0.0
2022-23 Recommended Budget	214,999,000	14,000	85,211,000	129,774,000	1,161.0