



## Board Report

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**File #:** 2020-0614, **File Type:** Informational Report

**Agenda Number:** 40.

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**EXECUTIVE MANAGEMENT COMMITTEE  
OCTOBER 15, 2020**

**SUBJECT: METRO TRAINING AND INNOVATION CENTER**

**ACTION: APPROVE RECOMMENDATIONS**

**RECOMMENDATIONS**

CONSIDER:

- A. AUTHORIZING the Chief Executive Officer to negotiate and execute with Primestor Development LLC, a Delaware limited liability company (or an affiliated entity that owns the relevant portion of the Vermont and Manchester Mixed-Use Development Project) (Developer) and other necessary parties (1) a 15-year office lease (Attachment B) for the Metro Training and Innovation Center (MTIC) commencing approximately October 1, 2023; and (2) all other legal documents necessary or desirable to effectuate the transactions; and
- B. APPROVING the Life of Project (LOP) Budget of \$19,900,000 for the MTIC.

**ISSUE**

The Vermont and Manchester Transit Priority Joint Development Project (Project) consists of a six-story mixed-use affordable housing and community serving retail, an open transit plaza, a job training center, a six-story boarding school with faculty residential units, full service grocery store, and 383 parking spaces located at the ground-level and within a 4.5-level parking structure.

The proposed Project provides the opportunity for Metro to not only partner with the County to build a premiere public charter transportation boarding school at this location, but also to build a transportation and learning center within the mixed-use development. Metro has designed the MTIC to feature 15,000 square feet of office space on the third floor of the mixed-use development fronting the Transit Plaza, 60 dedicated parking spaces, passenger elevator, Metro signage, and transit-related amenities throughout the Transit Plaza. The conceptual drawings of the mixed-use development and location of the space is attached (Attachment A). Staff is advancing the design of the interior space and drafting agreements consistent with the attached Office Lease (Attachment B) in order to construct the MTIC, in partnership with the Developer. Staff now seeks approval from the Board in order to adopt a budget, finalize negotiations on ancillary terms, execute agreements, and to authorize construction and funding of Metro's share of the Project.



## **BACKGROUND**

- At the April 2017 Board meeting, Motion #43 by Directors Ridley-Thomas, Fasana, Garcetti, Barger, Garcia, and Dupont-Walker was approved directing the CEO to develop a framework for a pilot educational and job training program, specifically, though not exclusively, targeting at-risk probation youth who had exposure to the County's safety net and who had historically been underserved educationally.
- On December 5, 2017, the Los Angeles County Board of Supervisors (BOS) approved the acquisition of 4.2 acres of land, vacant since the civil unrest of 1992, on the 8400 and 8500 blocks of Vermont Ave in South Los Angeles for the development of the Vermont and Manchester Transit Priority Joint Development Project.
- At the May 2018 meeting, the Board authorized Metro to negotiate and enter into a Memorandum of Understanding (MOU) with the County for the development of the transportation school at the site. The Board authorization for the MOU anticipated: 1) the mixed-use developer constructing the transit plaza, mixed-use development and parking lot; 2) Metro may facilitate transit-oriented amenities including ticket vending machines, bike share or other features; 3) Metro may secure specific spaces in the parking lot for a park-and-ride for transit services along Vermont corridor; and 4) approximately 15,000 square feet of the mixed-use development would be a transit vocational training center, and that Metro would take the lead in financing and operating this center.

## **DISCUSSION**

- The 4.2-acre site is located in South Los Angeles on the Vermont transportation corridor and is part of a potentially transformative mixed-use development. The Developer will construct the shell and exterior of the MTIC space, including the necessary mechanical, electrical, sprinkler, plumbing, life safety, heating, air conditioning, ventilation and structural systems, stubbed in throughout the interior space. Metro will design and fund the construction of the tenant improvements for the 15,000 square foot facility. The space will include five large rooms designed as flexible conference spaces that can also be utilized as computer labs with mobile laptops, or host training equipment for demonstrations, and other training and learning sessions. The attached conceptual drawings show the MTIC, transit plaza, and parking garage.
- Construction is anticipated to commence in the fall of 2021 and finish in late 2023. Once completed, the MTIC is proposed to highlight the infrastructure industry and serve as a resource for existing Metro employees and community members seeking employment and professional advancement. The center will also expand the opportunities for disadvantaged non-school-aged residents from across the County to seek opportunities for job training to prepare themselves for careers in the transit industry in coordination with Metro's WIN LA Program and other workforce programs.
- The appropriate agreements, consistent with the Office Lease are being finalized with the Developer and include the following:
  - Office Lease
  - Duration is fifteen (15) years with four five (5)-year options.
  - Annual base rent starting at \$630,000 and subject to CPI increases not to exceed 3%.
  - Operating expenses projected at \$150,000 per year.
  - Metro will design and fund the construction of the tenant improvements in an amount not to exceed \$11,600,000.
  - Owner will construct the shell and exterior of the space.
  - Owner will construct the tenant improvements according to Metro's approved final design.



- Metro will contribute up to \$3,500,000 for the construction of the transit plaza.
- Parking Rights Agreement
- Metro shall have access to sixty (60) reserved parking spaces throughout the term of the agreement.
- Metro will contribute up to \$3,000,000 for the acquisition of the exclusive right to use 60 parking spaces pursuant to the parking rights agreement. Metro will have access to the premises and parking structure 24 hours per day, 7 days a week, 52 weeks per year, 365 days per year (366 days on leap year).
- The location of the reserved parking spaces will be subject to Metro's approval.
- The term of the Parking Rights Agreement shall be at least 35 years.
- Metro shall pay its pro rata share of the costs of operating and maintaining the Parking Structure each year.

## **EQUITY ASSESSMENT**

Metro staff applied Metro's Rapid Equity Assessment to this board action to understand the potential benefits and burdens, and how this project might support more equitable access to opportunity for historically marginalized communities. The Vermont/Manchester Mixed Use Project presents a unique opportunity for Metro to engage South Los Angeles community residents in the revitalization efforts aimed at transforming a site that has been vacant and undeveloped since the civil unrest of 1992 into a viable community asset. The project is located within a cluster of equity focus communities, in which, approximately 63% of residents are Latino, 36% are Black, and 39% of the households earning less than \$25k a year. Additionally, less than 4% of the residents in the area have a four-year degree. There are stark disparities in employment, education, housing, and food access.

This action, which furthers the development of the MTIC, would expand access to workforce development opportunities for residents living nearby, as well as disadvantaged residents from across the county seeking opportunities for job training to prepare themselves for careers in the transportation infrastructure industry. The only anticipated burdens during this time relate to construction, and Metro staff will develop a construction work plan and traffic control plan that will address safety and security, noise and dust, and the potential for any traffic impacts. The team will implement a robust outreach effort to continue to engage the community in order to communicate the plan to adjacent businesses, residents and other community stakeholders. Ultimately, without Metro's investment in this historically disinvested community, the site would remain vacant, exacerbating the community's pronounced need for affordable housing, fresh grocery stores, access to education, job training opportunities, and providing mobility options for a community with less access to transit. This decision will help address the economic inequities that continue to plague our region.

## **DETERMINATION OF SAFETY IMPACT**

Approval of these actions will have no impact on safety. The eventual implementation of this Mixed-Use Development and Transit Plaza will offer opportunities to improve safety for transit riders by installing new lighting and activating the area with new uses and transit related amenities.

## **FINANCIAL IMPACT**

The \$500,000 required for fiscal year 2021 is included in the adopted budget in cost center 8510. Upon Board approval, a separate project will be set up to capture expenditures for this project. Since



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this is a multi-year project, the Project Manager, Cost Center manager, and Chief Program Management Officer will be responsible for budgeting the cost in future fiscal years.

#### Impact to Budget

The source of funds for this project is local funds. The parts of the project that are eligible for Proposition C25% will use that source. All other local funds used for this project are eligible for bus and rail operations and capital expenditures. The Funding and Expenditure Plan is included as Attachment C.

..Implementation\_Of\_Strategic\_Plan\_GoalsB

#### **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

This action directly supports the Project which is consistent with Metro's Strategic Plan Goals to enhance communities and lives through mobility and access to opportunity. By constructing the Metro Training and Innovation Center, the Project seeks to better connect residents to workforce development opportunities, a wider range of regional employment, travel, and cultural opportunities.

#### **ALTERNATIVES CONSIDERED**

The Board may choose not to move forward with the construction of the Metro Training and Innovation Center. This is not recommended as the MTIC will not only be integral component of a larger development to help to revitalize the South Los Angeles area, but also serve as a resource for existing employees and disadvantaged community members seeking employment and professional development.

#### **NEXT STEPS**

Staff will complete negotiations of the Office Lease and ancillary terms and agreements with the Developer subject to review and approval by County Counsel. Upon Board authorization, Metro will finalize and execute the agreements with Primestor Development LLC, a Delaware limited liability company (or an affiliated entity that owns the relevant portion of the Vermont and Manchester Mixed-Use Development Project) (Developer) and other necessary parties, forward to County Counsel for approval review, and submit for execution by the CEO.

#### **ATTACHMENTS**

Attachment A - Conceptual Drawings

Attachment B - Office Lease

Attachment C - Funding and Expenditure Plan

Prepared by:

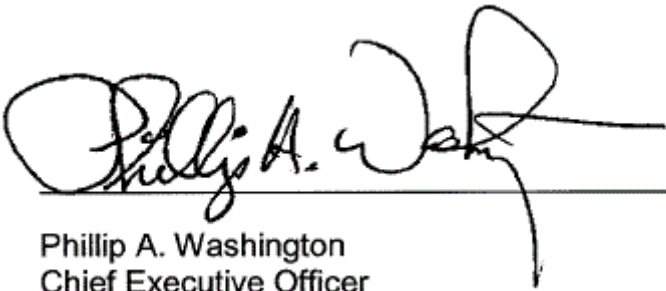
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Phillip A. Washington  
Chief Executive Officer

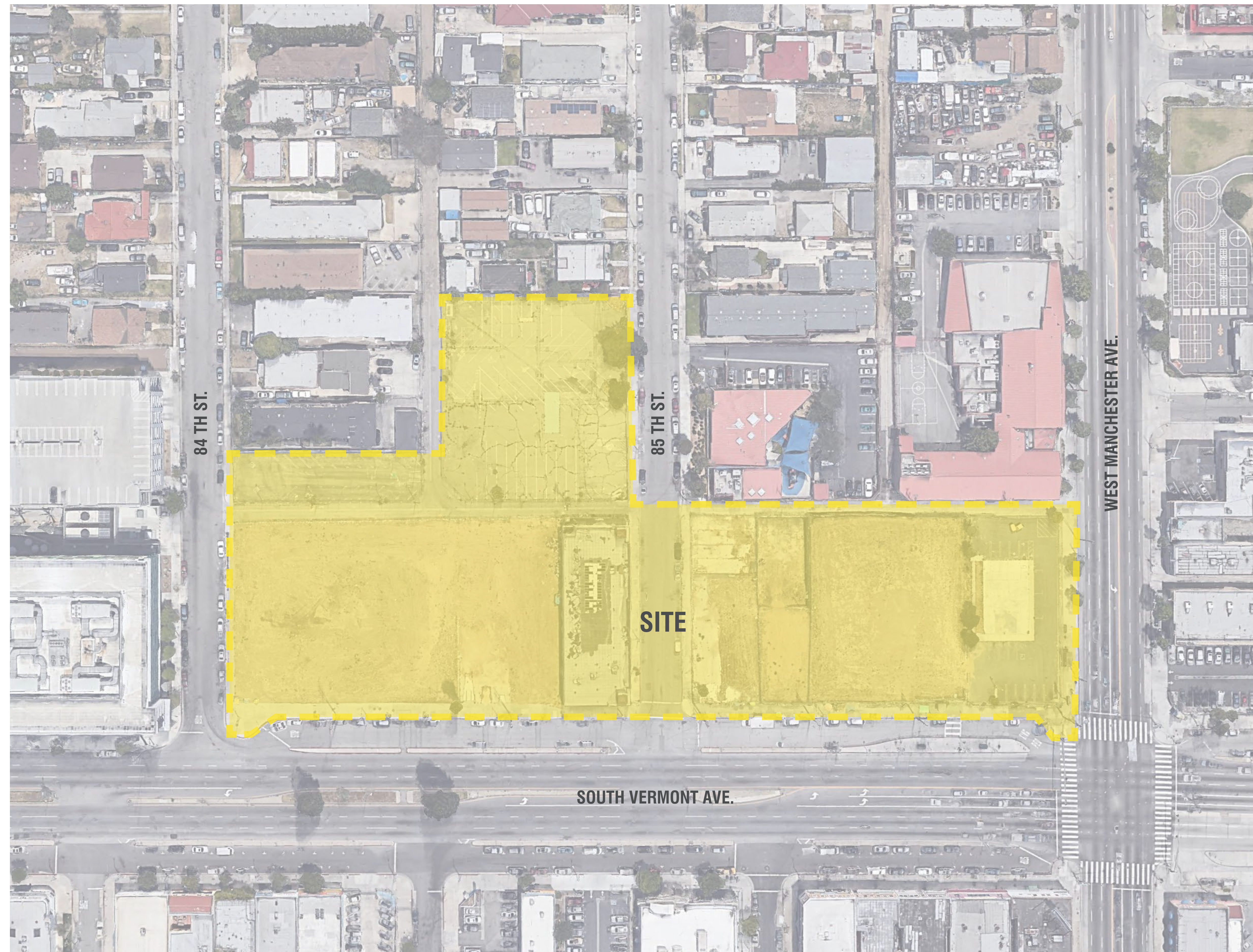


# ATTACHMENT A

## VERMONT & MANCHESTER

### BUILDING PROGRAM

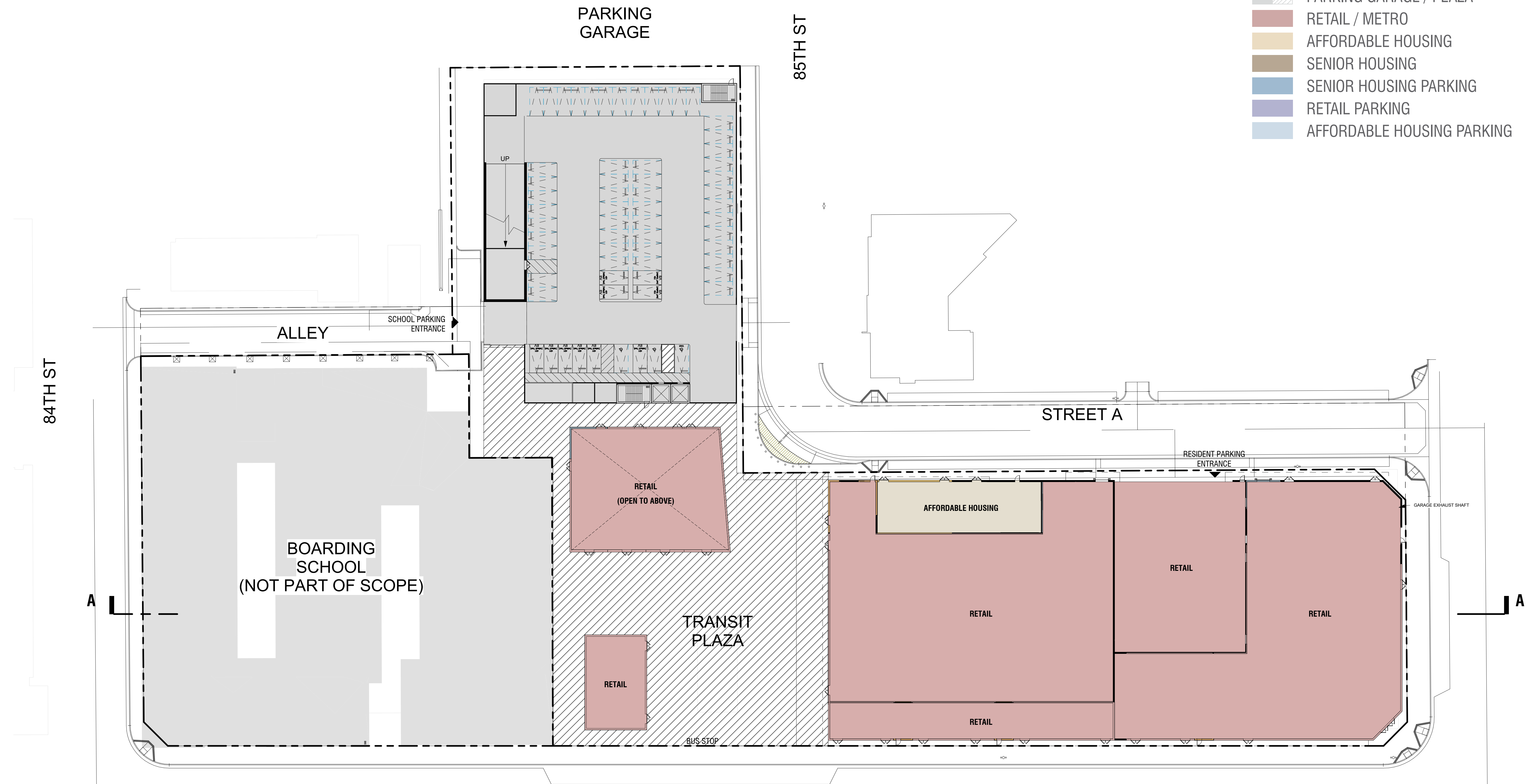
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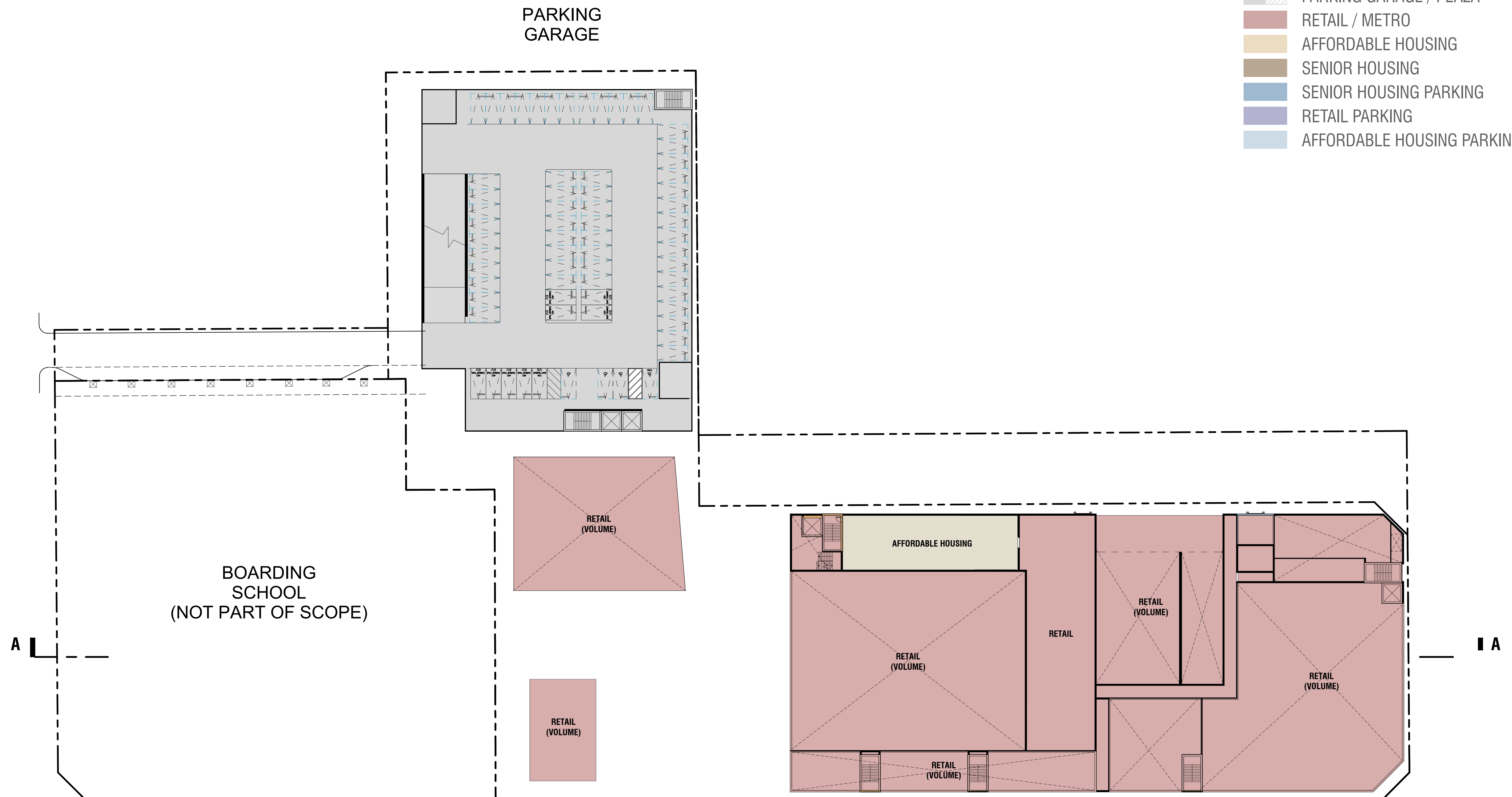
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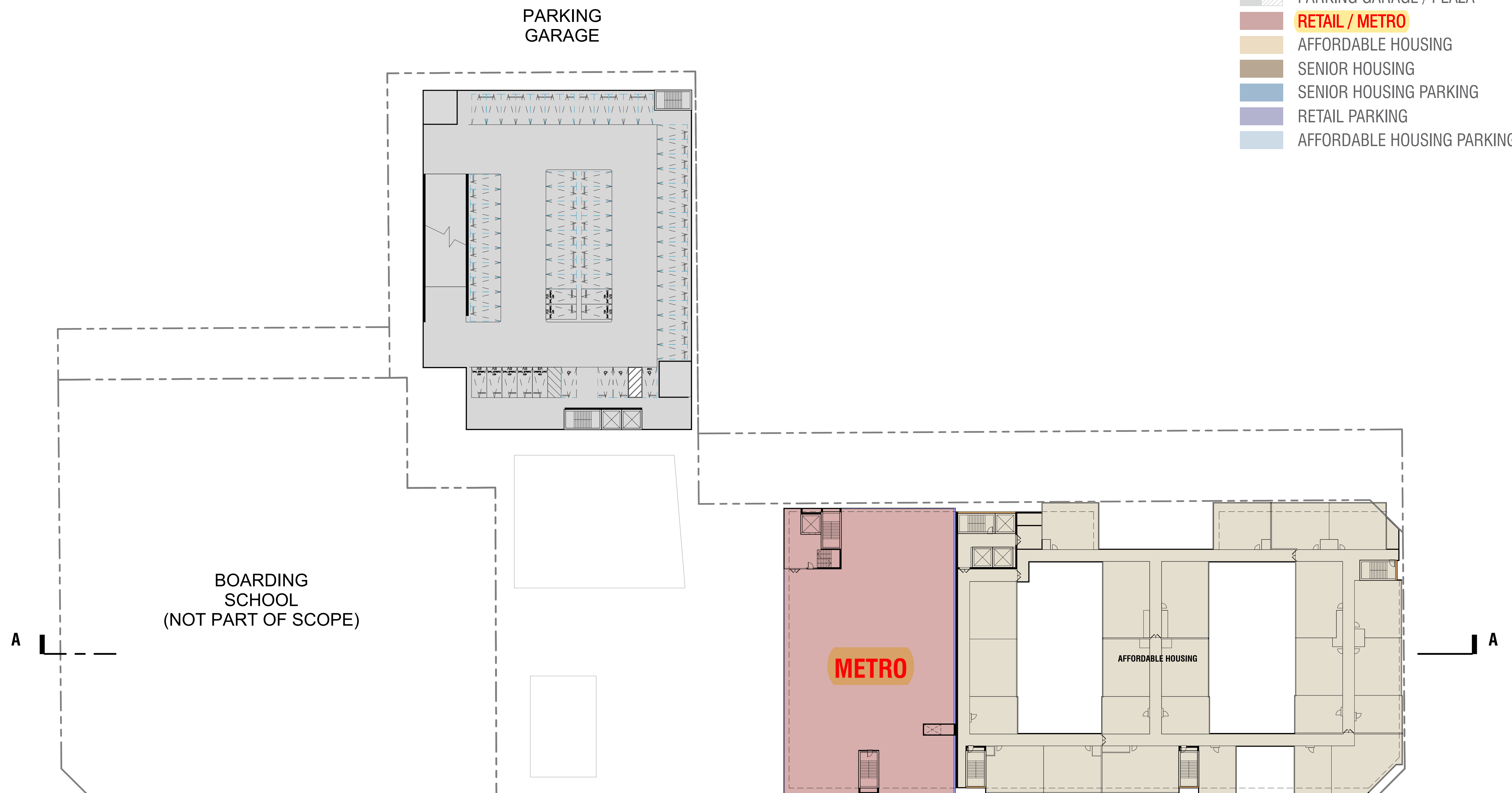
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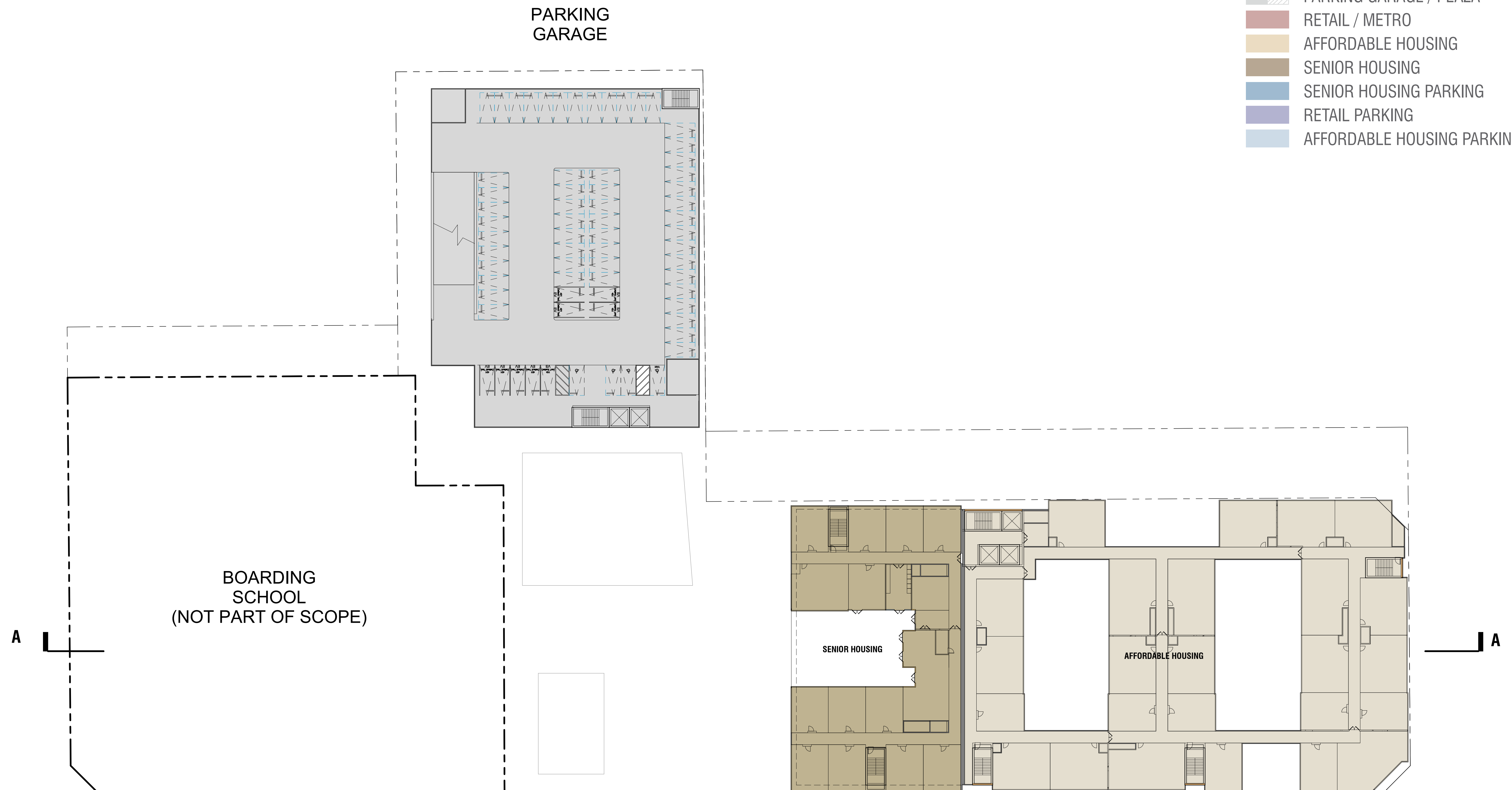
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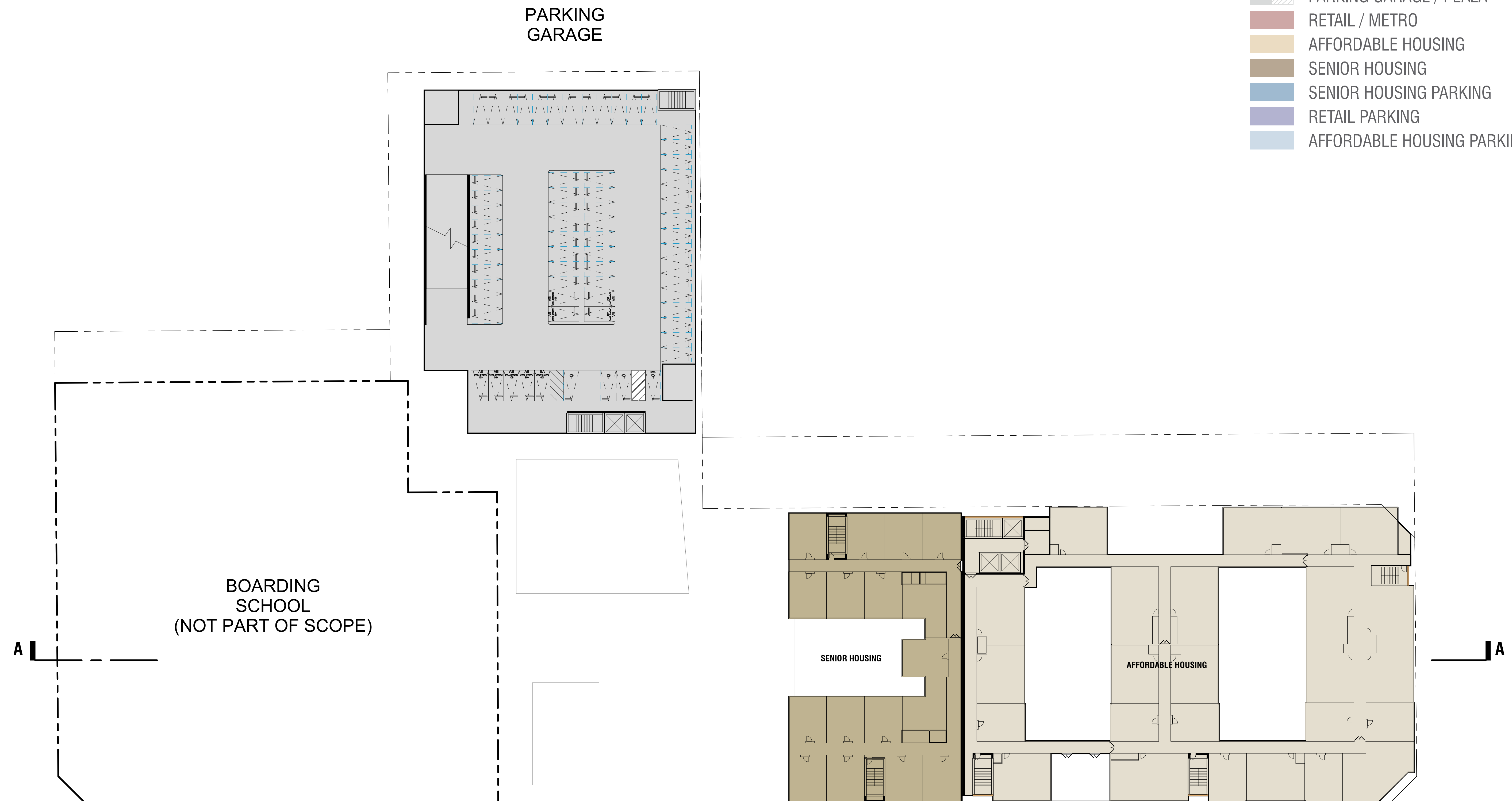
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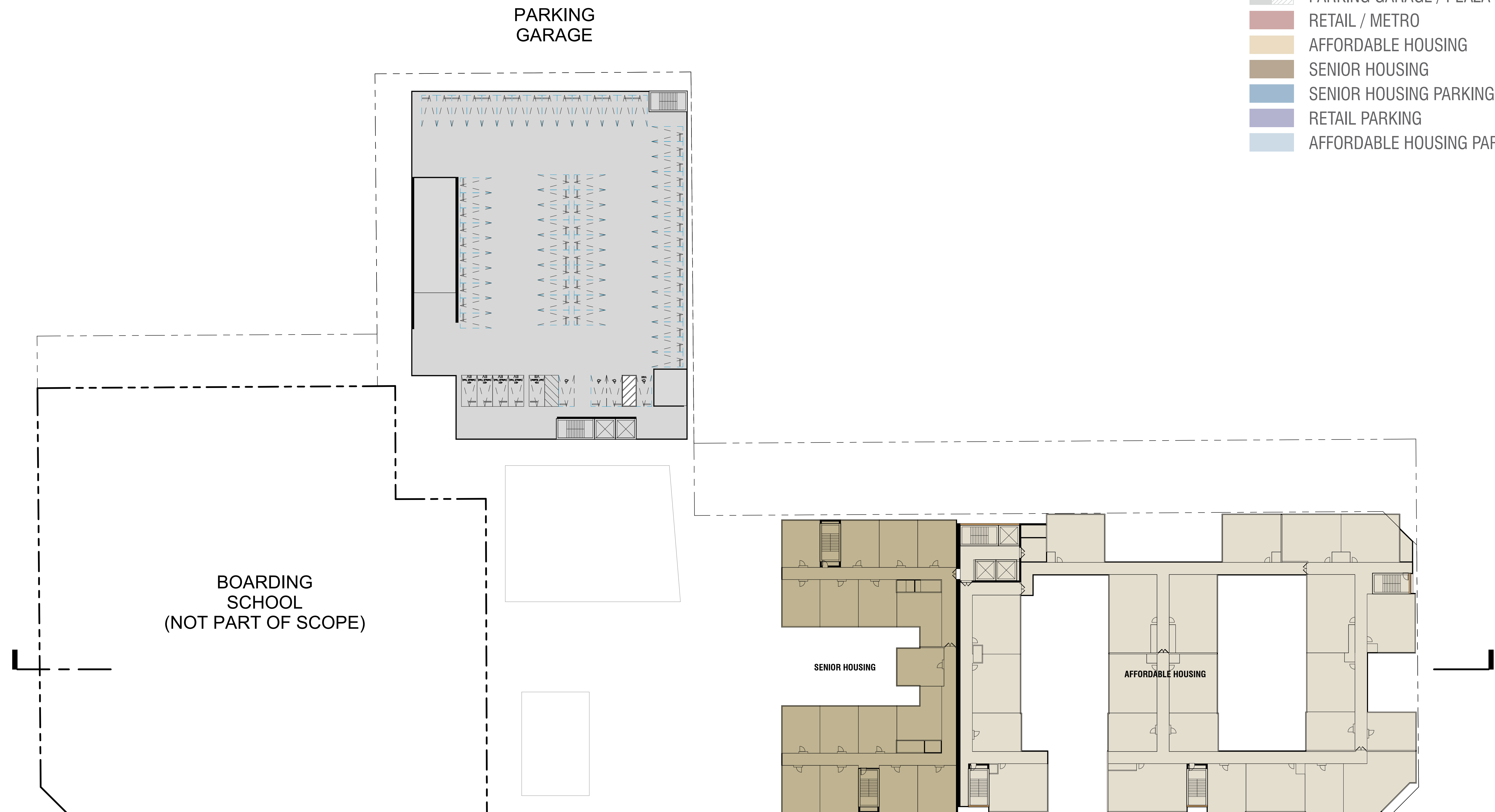
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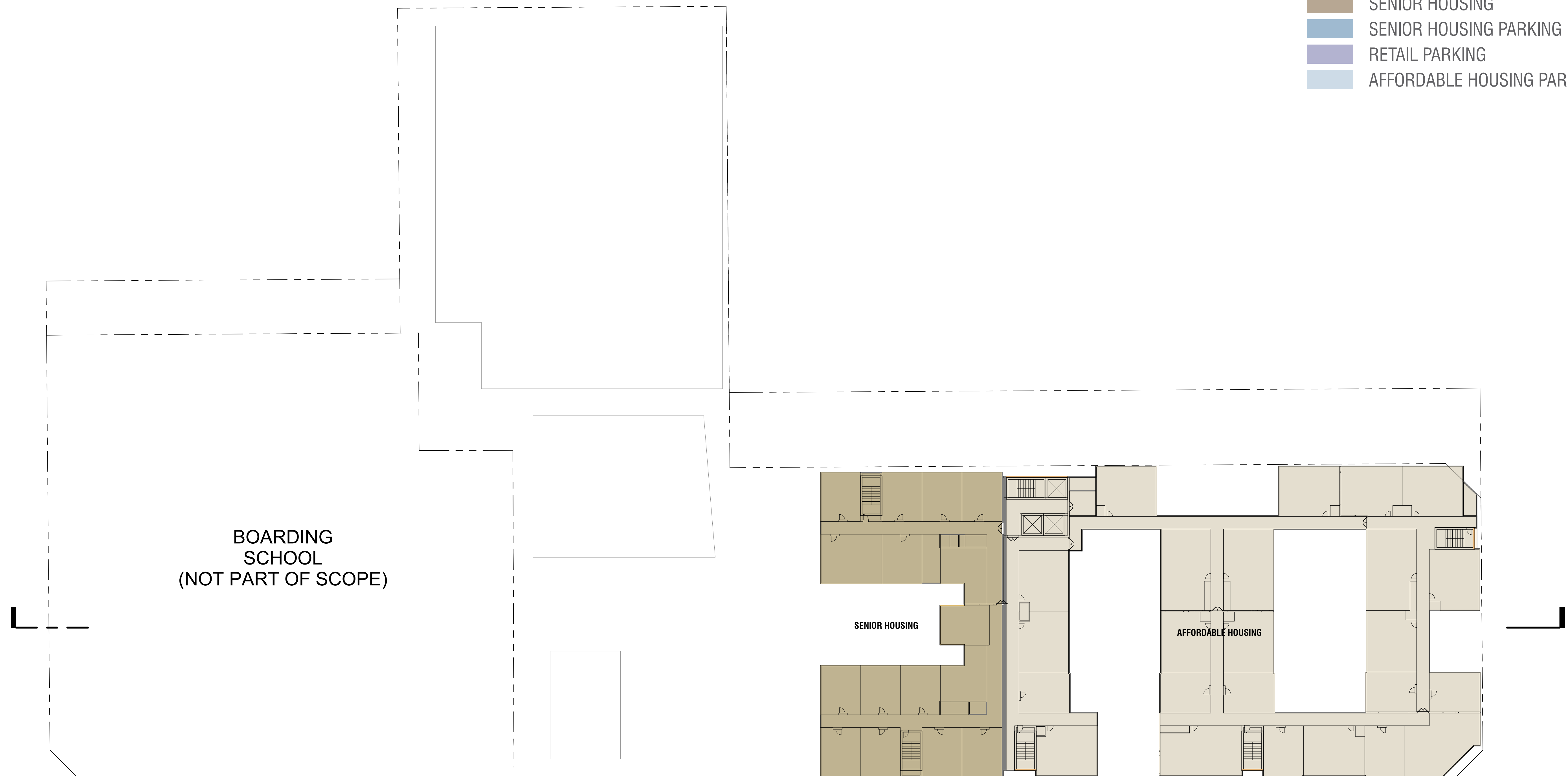
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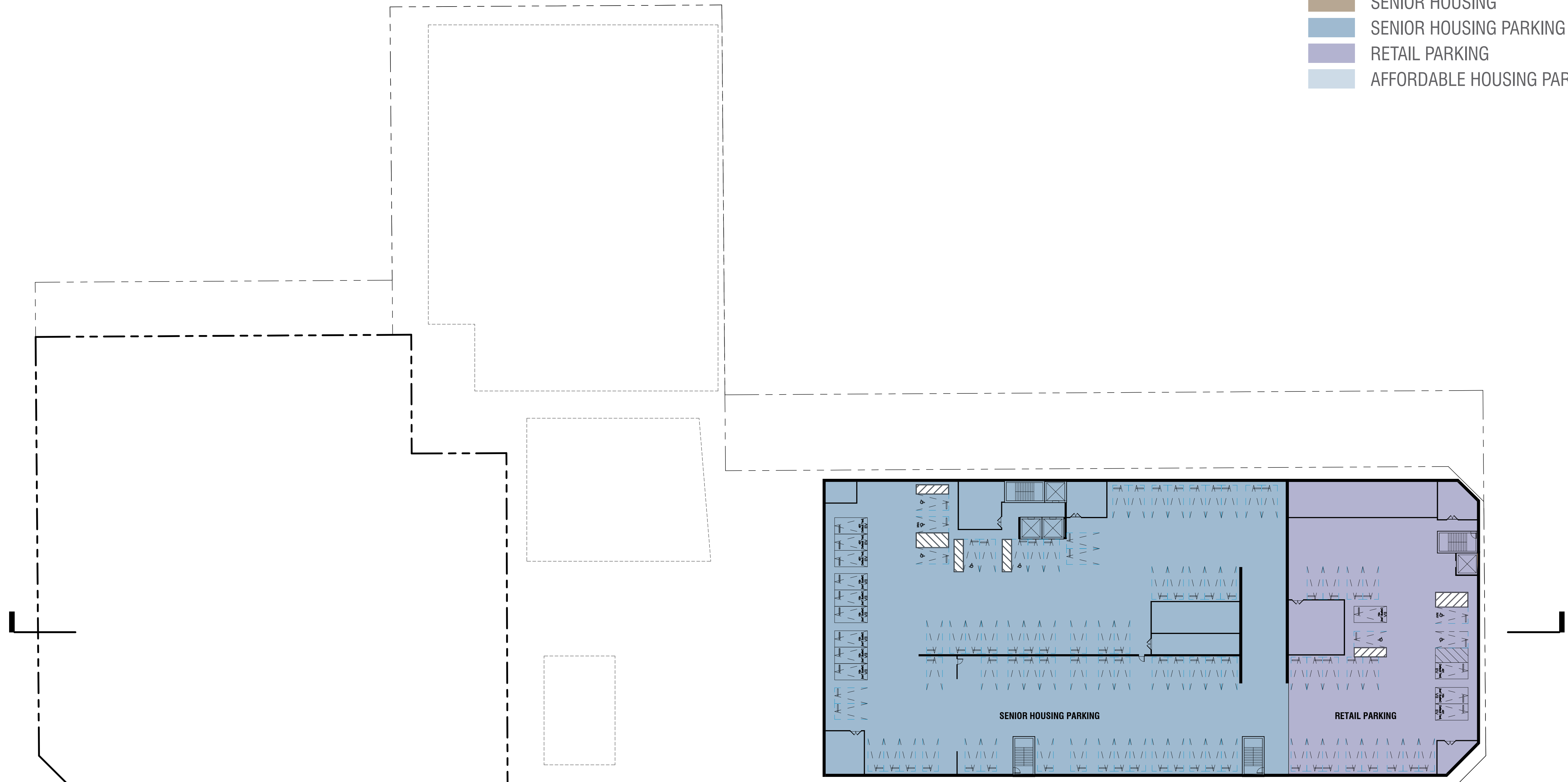
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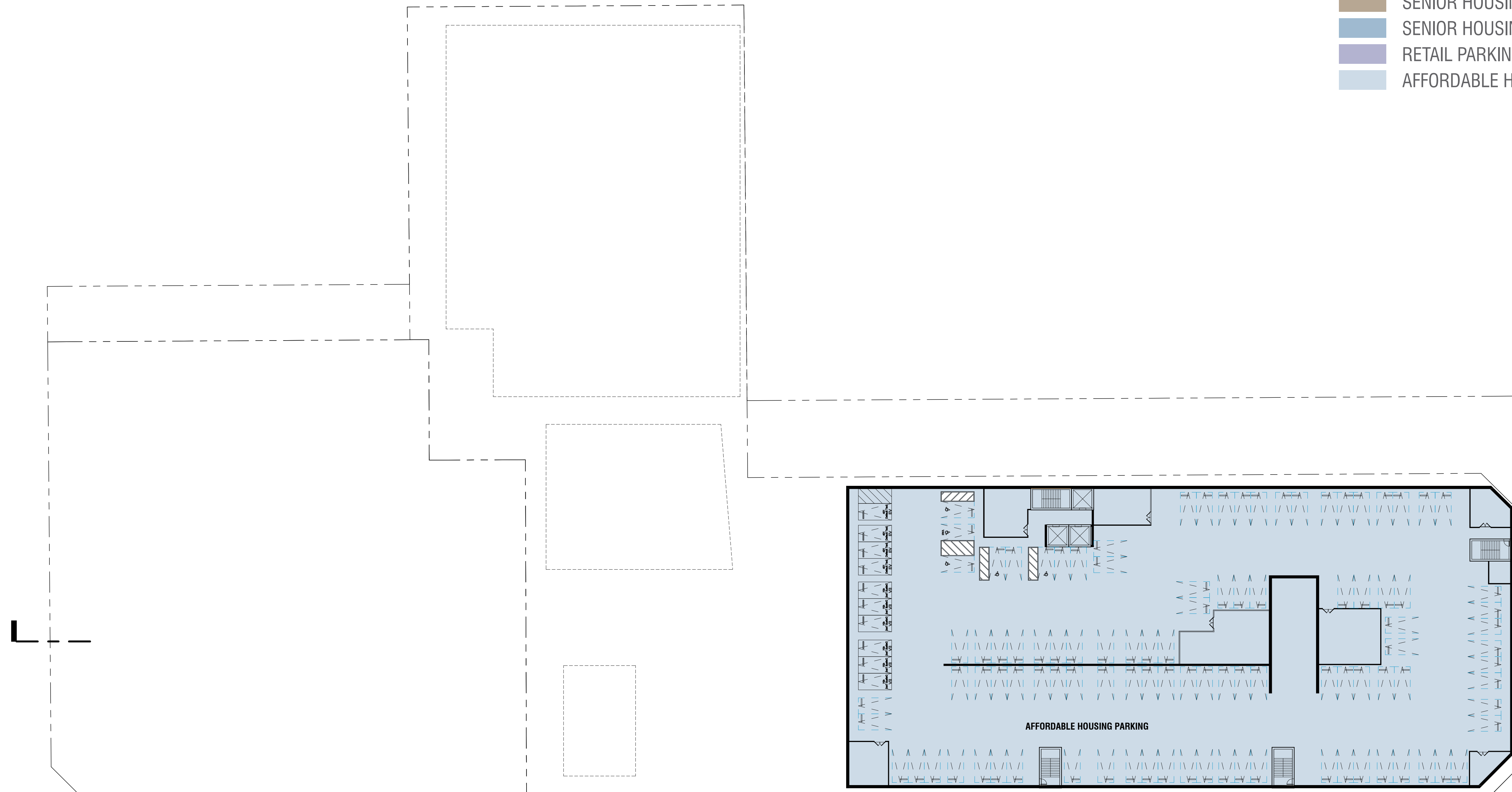
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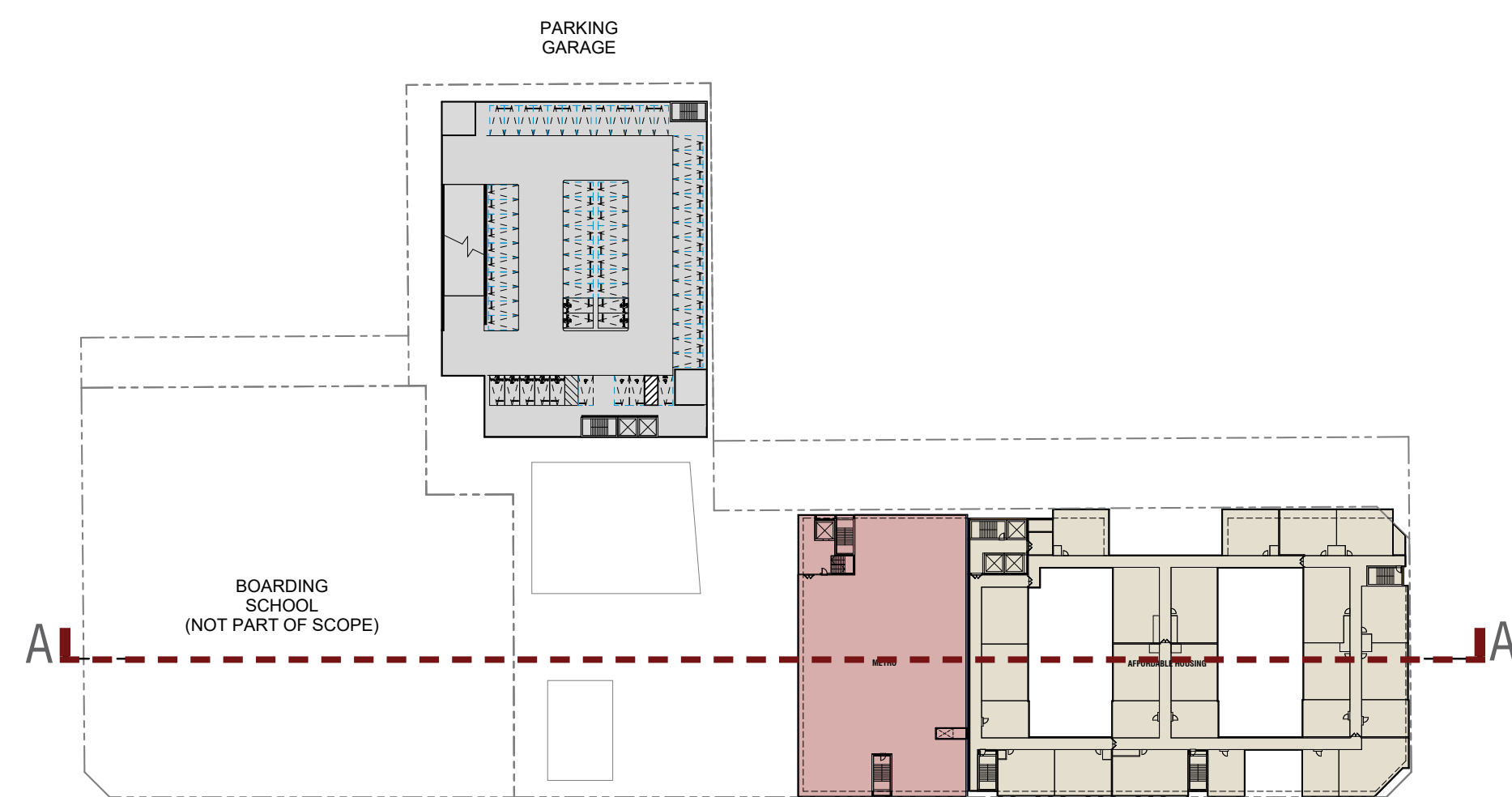
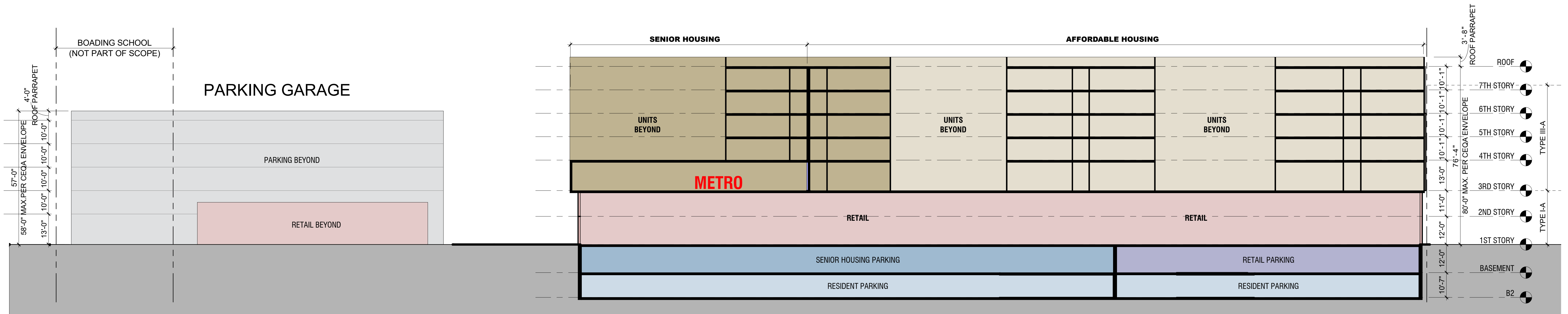


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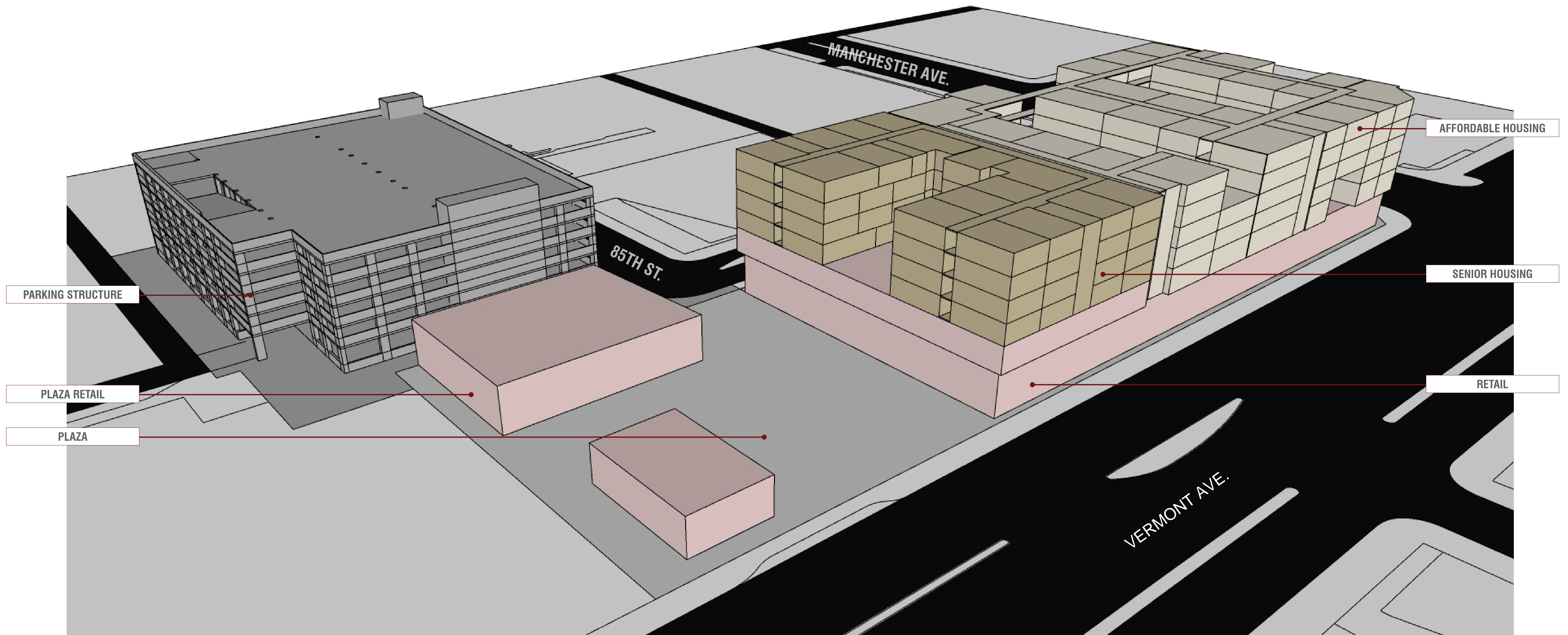




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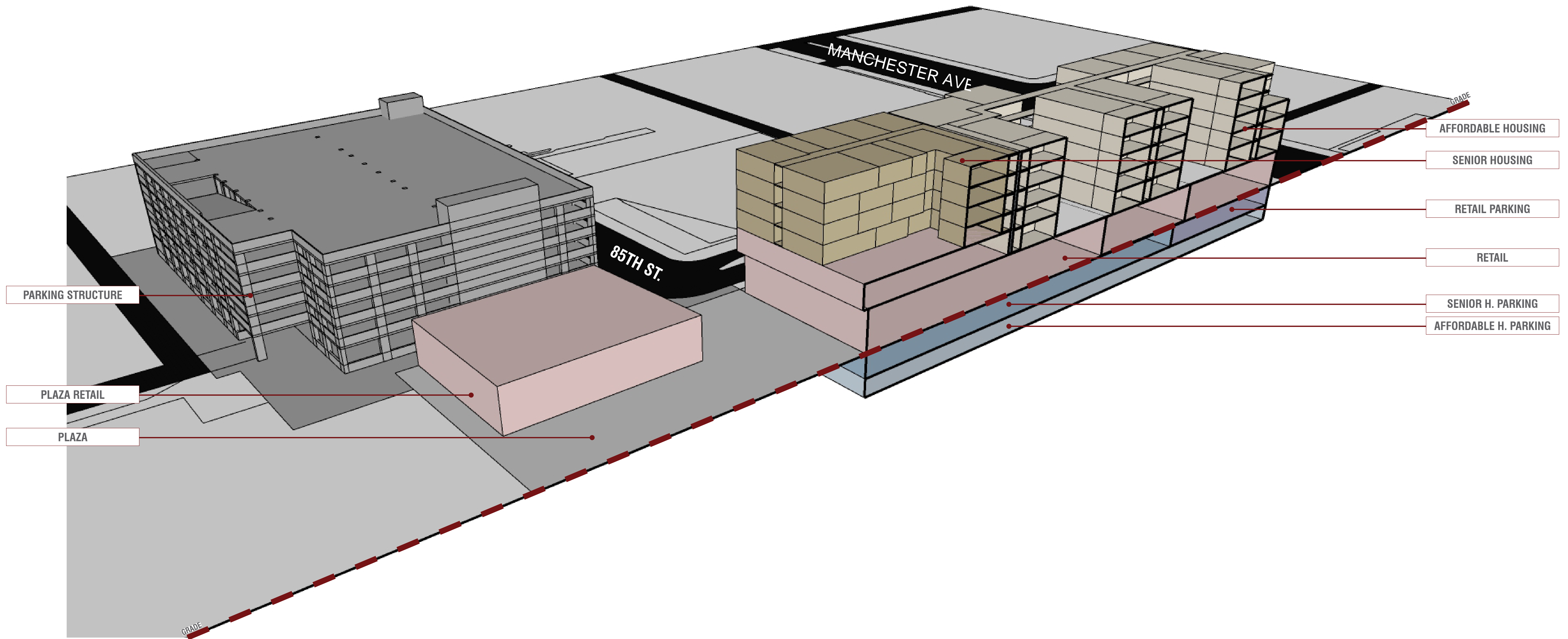




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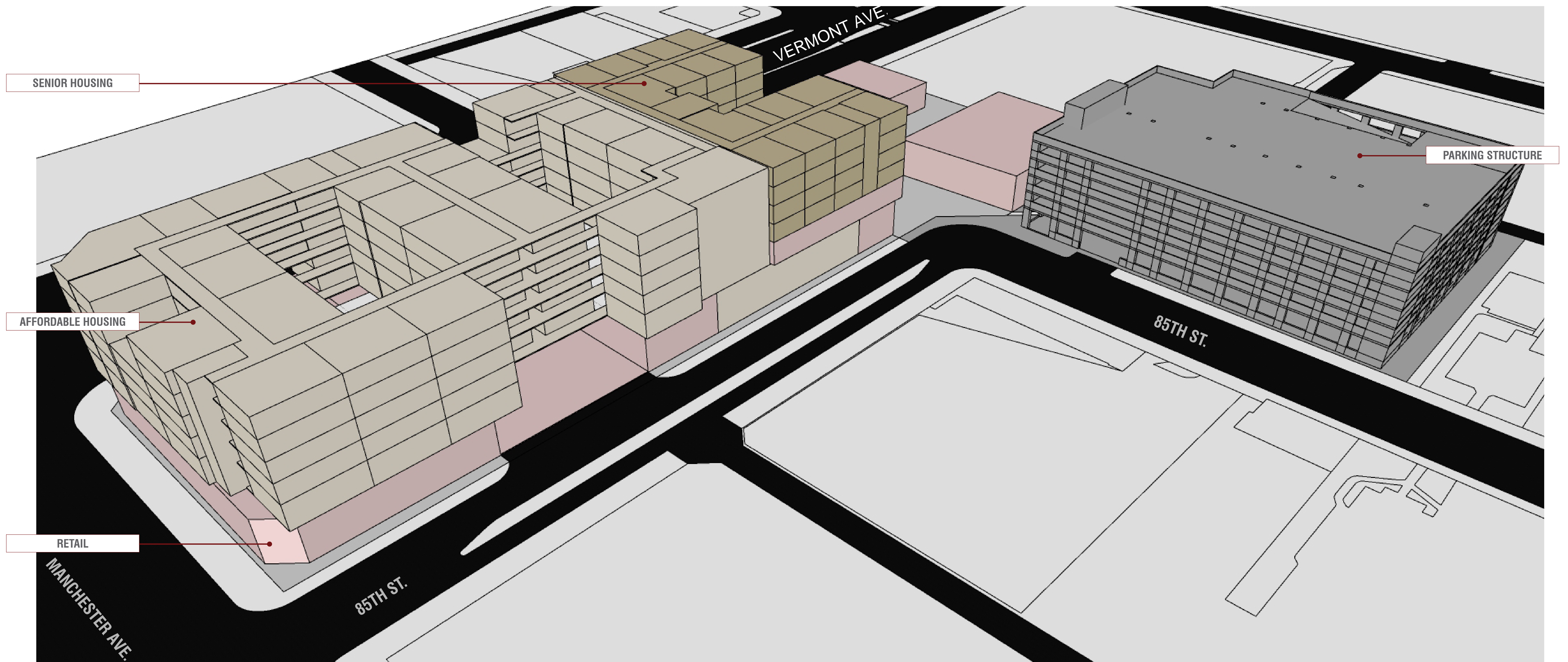




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**ATTACHMENT B**

**LEASE AGREEMENT**

By and Between

\_\_\_\_\_,  
\_\_\_\_\_

(“Landlord”)

and

THE LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY,  
a California county transportation authority existing under the authority of §§ 130050.2 *et seq.* of  
the California Public Utilities Code

(“Tenant”)

\_\_\_\_\_, 202\_



## ATTACHMENT B

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### Exhibits

Exhibit A – Preliminary Subdivision Plan showing Project  
Exhibit B-1 – Ground Lease  
Exhibit B-2 – Sublease  
Exhibit C – Preliminary Diagram of the Premises  
Exhibit D – Landlord Work Letter  
Exhibit E – Tenant Improvement Work Letter  
Exhibit F – Extension Options  
Exhibit G – Transit Plaza Installations  
Exhibit H-1 – Rules and Regulations  
Exhibit H-2 – Transit Plaza Event Procedures  
Exhibit I – Commencement Date Memorandum  
Exhibit J – Metro Parking Agreement  
Exhibit K – Metro Funds Disbursement



## ATTACHMENT B

### LEASE AGREEMENT

THIS LEASE AGREEMENT (this "Lease") is dated for reference purposes as of \_\_\_\_\_, 202\_\_ (the "Effective Date") and is made by and between \_\_\_\_\_, a(n) \_\_\_\_\_ ("Landlord"), and THE LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY, a California county transportation authority existing under the authority of §§ 130050.2 *et seq.* of the California Public Utilities Code ("Tenant").

### RECITALS

A. VM MIXED USE LLC, a California limited liability company ("Master Developer") and THE COUNTY OF LOS ANGELES, a subdivision of the State of California ("County") have entered into a certain Option to Lease Agreement dated August 15, 2019 (as amended from time to time, the "Option Agreement") whereby Master Developer has an option to ground lease from County certain real property located on the east side of the 8400 and 8500 blocks of South Vermont Avenue, Los Angeles, California to develop a mixed-use project expected to contain (i) one or more buildings containing approximately \_\_\_\_\_ total square feet of space (collectively, the "Buildings") which is to be legally subdivided by Master Developer and County to contain (a) a mix of residential housing containing approximately \_\_\_\_\_ square feet of space, as well as certain elevators dedicated for the exclusive use of such residential areas (collectively, the "Residential Project"), (b) approximately \_\_\_\_\_ square feet of retail space (the "Retail Project"), (c) approximately 15,000 square feet of office space, as well as an elevator dedicated for the exclusive use of such office space (the "Office Project"), and collectively with the Retail Project, the "Commercial Project"), and (d) certain structural, infrastructure, and shared use areas of the Buildings (collectively, the "Building Common Areas"); (ii) an above-grade and subterranean parking garage containing approximately \_\_\_\_\_ parking spaces (the "Parking Garage"), and (iii) an outdoor plaza expected to contain approximately \_\_\_\_\_ square feet of space (the "Transit Plaza"). The Buildings, Parking Garage, and Transit Plaza are collectively referred to herein as the "Project". A preliminary diagram showing the Project and the various components thereof is attached hereto as Exhibit A.

B. Subject to the satisfaction of all conditions precedent under the Option Agreement and Master Developer exercising its option thereunder and entering into a ground lease with County for the entire Project (as may be amended from time to time, the "Ground Lease"), Landlord is expected to sublease the Office Project from Master Developer pursuant to a written sublease agreement (as may be amended from time to time, the "Sublease"). The Ground Lease is appended hereto as Exhibit B-1, and the Sublease shall be appended hereto as Exhibit B-2.

C. Pursuant to such Sublease and one or more reciprocal easement and/or other ancillary agreements, Landlord is expected to be granted non-exclusive rights to use the Building Common Areas, Parking Garage, and Transit Plaza.

D. Subject to the terms and conditions of this Lease, Landlord has agreed to lease the entire Office Project to Tenant, and Tenant has agreed to lease the entire Office Project from Landlord. The Office Project, as constructed and improved in accordance with the terms and conditions of this Lease, shall also be referred to herein as the "Premises". A preliminary diagram of the Premises is attached hereto as Exhibit C.

E. In consideration of the rights granted to Tenant under this Lease and in consideration for the rights granted to Tenant under that certain instrument/agreement attached hereto as Exhibit J (the "Metro Parking Agreement"), Tenant shall have the exclusive use of sixty (60) parking spaces within the Parking Garage in a location chosen by Tenant and reasonably approved by Landlord (the "Metro Parking Spaces") in accordance with terms of the Metro Parking Agreement, and Tenant has agreed to pay to Landlord, or at Landlord's direction, to Master Developer, the sum of (i) \$3,500,000 towards the costs of developing and constructing the Transit Plaza, and (ii) \$3,000,000 towards the costs of developing and constructing the Parking Garage (collectively, the "Metro Funds"). The Metro Funds will be disbursed in the manner more specifically set forth in this Lease.



## ATTACHMENT B

### AGREEMENT

NOW THEREFORE, for and in consideration of the mutual covenants and conditions contained herein, the sufficiency of which consideration is acknowledged by the parties, it is hereby agreed as follows:

1. Premises.

1.1 Premises. Landlord hereby leases the Premises to Tenant, and Tenant hereby leases the Premises from Landlord, for the Term (defined below) and subject to the agreements, conditions and provisions set forth in this Lease.

1.2 Common Areas; Tenant's Share. As used in this Lease: (i) the term "Common Areas" means, collectively, the Transit Plaza, the non-exclusive portions of the Parking Garage, and all other areas and facilities outside the Premises and within the Project (including portions of the Building Common Areas as applicable) that are provided and designated by the Landlord and Master Developer, as applicable, from time to time for the general non-exclusive use of Master Developer, Landlord, Tenant, and other tenants of the Project and their respective employees, suppliers, shippers, tenants, contractors, and invitees, and/or the general public; and (ii) the term "Tenant's Share" means the percentages obtained, from time to time during the Term, by dividing the total square footage of the Premises by the total square footage of all Buildings, or, as applicable, the total square footage of the Office Project and/or Commercial Project, further subject to Section 3.2 with respect to the potential variance in Tenant's Share for the separate Cost Pools (defined below) of the Project.

1.3 Transit Plaza Installations. Tenant agrees to work in good faith with Landlord to procure and install certain improvements in the Transit Plaza, including without limitation the items listed on Exhibit G attached hereto. The installation of such items shall be at Tenant's cost and expense, and after their installation such items shall be maintained, repaired, restored, and replaced by Landlord and/or Master Developer, with the costs incurred in connection therewith to be included in Operating Expenses (defined below), subject to the terms and conditions of this Lease. Notwithstanding the foregoing, Landlord shall be responsible for providing the initial utility hook-ups needed to serve Tenant's installations at the Transit Plaza.

1.4 Common Area Use. During the Term, Tenant shall have the right to use the Common Areas subject to any rights, powers, and privileges reserved by Master Developer under the Sublease and/or by Landlord under the terms hereof, and further subject to the rules and regulations attached hereto as Exhibit H-1 ("Rules and Regulations"). Tenant may reserve all or a portion of the Transit Plaza from time to time during the year for special events to be conducted by Tenant or its licensees or partners in connection with the transit-oriented mission of Tenant, in accordance with the provisions of Exhibit H-2 attached hereto (the "Transit Plaza Event Procedures"). Tenant shall be responsible for reimbursing Landlord any additional and reasonable out-of-pocket costs directly incurred by Landlord in connection with such special events conducted by Tenant, as additional Operating Expenses. Tenant agrees to abide by, and to cause all Tenant Parties (defined below) it is able to reasonably control, to abide by all such Rules and Regulations and the Transit Plaza Event Procedures; provided that in the event of a conflict between the Rules and Regulations or Transit Plaza Event Procedures and the terms of this Lease, the terms of this Lease shall control. Under no circumstances shall the rights herein granted to use the Common Areas be deemed to include the right to access or use any roof, to store any property, temporarily or permanently, in the Common Areas, or the right to erect or maintain any signage (whether permanent or temporary in nature) thereon, except as may be expressly set forth elsewhere in this Lease. In the event that any unauthorized storage shall occur, or any unauthorized signage is placed on the Common Areas, then Landlord shall have the right, without notice, and in addition to such other rights and remedies that it may have, to remove the property/signs at Tenant's cost and expense. Tenant hereby agrees that Master Developer and Landlord, as applicable, shall, except to the extent provided otherwise in this Lease, each have the right, in their respective reasonable discretion, from time to time during the Term: (i) to make changes to the Common Areas, including, without limitation, changes in the location, size, shape and number of driveways, entrances, parking spaces (other than the Metro Parking Spaces except as permitted in the Metro Parking Agreement or as expressly permitted under this Lease), parking areas (including, without limitation, the nature and extent of the parking areas and parking facilities, but subject to the limitations with respect to Metro Parking Spaces above), loading and unloading areas, ingress, egress, direction of traffic, landscaped areas and walkways; (ii) to temporarily close any of the Common Areas for maintenance purposes so long as there remains reasonable access to the Premises, the Transit Plaza, and the Metro Parking Spaces; (iii) to designate other land outside the boundaries of the Project to be a part of



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the Common Areas; (iv) to add additional buildings and improvements to the Common Areas; (v) to use the Common Areas while engaged in making additional improvements, repairs or alterations to the Project, or any portion thereof; and (vi) to do and perform such other acts and make such other changes in, to or with respect to the Common Areas and Project as Master Developer and Landlord may reasonably deem to be appropriate; provided that none of the foregoing shall (a) unreasonably interfere with Tenant's use of or access to the Premises (subject to reasonable actions taken in response to Force Majeure [defined below] or emergency situations posing an imminent risk of bodily harm or material property damage), (b) unreasonably interfere with Tenant's use of or access to the Metro Parking Spaces (subject to reasonable actions taken in response to Force Majeure or emergency situations posing an imminent risk of bodily harm or material property damage), (c) materially increase the obligations or materially decrease the rights of Tenant under this Lease, or (d) obstruct, block or otherwise materially and adversely affect the Transit Plaza for more than forty-eight (48) consecutive hours except as reasonably needed to perform repairs, maintenance, improvements, or any other work that either (1) is required under Applicable Laws, or (2) Landlord elects to perform in its reasonable discretion for the benefit of the tenants, occupants, or other users of the Project. Tenant hereby agrees that, subject to the Landlord's obligations and the express limitations set forth above (including without limitation subclauses (a) through (d) above), the actions of Master Developer and/or Landlord pursuant to this paragraph shall in no way constitute a default by Landlord under this Lease, a constructive eviction of Tenant, or entitle Tenant to any abatement of Rent.

### 2. Term.

2.1 Commencement Date. This Lease shall be effective immediately upon the full execution and delivery hereof. The "Initial Term" of this Lease shall begin on the Commencement Date (as defined below) and shall end fifteen (15) years later unless earlier terminated or extended as provided herein. Notwithstanding the foregoing, if the Commencement Date falls on any day other than the first day of a calendar month then the Initial Term of this Lease will be measured from the first day of the month following the month in which the Commencement Date occurs so that the Initial Term will end on the last day of a month. As used from time to time in this Lease, the following terms shall have the meanings set forth below: (i) the Initial Term and any extension thereof pursuant to this Lease shall be collectively referred to herein as the "Term", and (ii) the "Commencement Date" shall mean the date that is the earlier of (a) one hundred twenty (120) days after the date of Substantial Completion-LW as defined in, and in accordance with the terms and conditions of, the Landlord Work Letter attached hereto as Exhibit D, and (b) the date of the Substantial Completion-TIW, as defined in, and in accordance with the terms and conditions of, the Tenant Improvement Work Letter attached hereto as Exhibit E, so long as Substantial Completion-LW has also occurred by such date.

2.2 Delay; Early Entry. The parties currently expect that the Commencement Date will occur by \_\_\_\_\_, 2023, and Landlord agrees to use commercially reasonable efforts to cause that to occur, subject to Force Majeure; provided if the Commencement Date has not occurred by such date it shall not impact the validity of this Lease, shall not be a default by Landlord, and shall not otherwise impact the parties' respective rights and obligations hereunder or under any ancillary agreements entered into by the parties in connection with this Lease or which are related to the Project or any portion thereof. Subject to the terms of this Lease and any applicable terms contained in the Landlord Work Letter and/or Tenant Improvement Work Letter, Tenant and its employees, agents and contractors shall have the right to enter the Premises starting on the date that is at least thirty (30) days prior to the expected Commencement Date to make inspections, take measurements, install telecommunications cabling and furnishings and otherwise make the Premises ready for occupancy. Such entry(ies) shall be subject to all terms and provisions of this Lease other than the provisions requiring the payment of Rent (defined below), and Tenant shall not interfere with any work that Landlord is performing in the Premises at such time(s). Subject to any applicable terms contained in the Landlord Work Letter and/or Tenant Improvement Work Letter, Tenant shall be solely liable for the costs of repairing any damage to the Premises, including the Landlord Improvements and Tenant Improvements, to the extent caused by Tenant or any of Tenant's employees, agents, or contractors during any such early entry. Notwithstanding anything to the contrary herein, if other than due to Tenant Delay (as defined in Exhibit E), the Commencement Date has not occurred by \_\_\_\_\_, 202\_\_, Tenant shall have the right to terminate this Lease by giving written notice to Landlord at any time prior to the occurrence of the Commencement Date.

2.3 Commencement Date Memorandum. Once the Commencement Date has occurred, the Landlord shall deliver to Tenant written notice (a "Commencement Date Memorandum") in the form attached hereto as Exhibit I. Tenant shall promptly review the Commencement Date Memorandum and either execute and return it to Landlord



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or inform Landlord in writing of any objections Tenant has to the matters set forth therein. The Commencement Date Memorandum shall be conclusive and binding on Tenant and Landlord unless, within ten (10) business days following receipt thereof, Tenant objects to any of the matters set forth therein with written notice to Landlord.

2.4 Holdover. If Tenant continues to occupy the Premises after the expiration of the Term or any earlier termination of this Lease, such holding over (i) shall be deemed to have created a month to month tenancy only, terminable with at least thirty (30) days' prior written notice by either party, (ii) shall not constitute a renewal or an extension hereof, and (iii) shall be subject to all of the terms and conditions of this Lease, including without limitation the obligation to pay Rent; provided Base Rent during any holdover period shall be one hundred twenty-five percent (125%) for the first three (3) months, and one-hundred fifty percent (150%) thereafter of the Base Rent payable in the month immediately preceding the holdover period. A holdover shall be deemed to include Tenant's failure to surrender the Premises to Landlord in the condition required by this Lease, unless the parties are, at such time, actively engaged in good faith negotiations for an extension of the Term. Notwithstanding any provision to the contrary contained herein, Landlord expressly reserves the right to require Tenant to immediately surrender possession of the Premises upon the expiration or earlier termination of this Lease, the right to re-enter the Premises, and the right to assert any remedy at law or in equity to evict Tenant and collect damages in connection with any such holding over. The provisions of this paragraph shall not be deemed to limit or constitute a waiver of any other rights or remedies of Landlord provided herein or under Applicable Laws (defined below). Without limiting the foregoing, if Tenant fails to surrender the Premises upon the expiration or earlier termination of this Lease, Tenant shall protect, defend, indemnify and hold Landlord, its partners, affiliates, and their respective officers, agents, property managers, servants, employees, and independent contractors (collectively, including Landlord, the "Landlord Parties") harmless from and against all claims, demands, liabilities, damages, judgments, orders, decrees, actions, proceedings, fines, penalties, losses, costs and expenses, including without limitation, court costs and attorneys' fees (collectively "Claims") resulting from such failure, but only to the extent (i) Landlord has entered into a bona fide new lease (or similar agreement) for the use and occupancy of the Premises, which obligates Landlord to deliver a majority of the Premises to a new tenant (or requires Landlord to prepare a majority of the Premises for such new tenant's use and/or occupancy) by a date specified in the new lease/agreement, but Landlord will be unable to do so by the deadline set forth in the new lease/agreement as a result of Tenant's holdover, (ii) the tenant under such new lease/agreement is not an affiliate of Landlord, and (iii) Landlord notifies Tenant in writing of such new lease/agreement at least thirty (30) days prior to the scheduled expiration of the Term or as soon as possible prior to the date of any earlier termination of this Lease (provided with respect to any holdover occurring with respect to an early termination of this Lease, the foregoing indemnity shall not apply unless Tenant's holdover continues beyond the date that is thirty (30) days after the Tenant's receipt of Landlord's notice).

2.5 Extension Options. The original named Tenant under this Lease and any entity that is a Permitted Transferee, as defined below (but not its other successors or assigns) is hereby granted four (4) consecutive options (each an "Extension Option") to extend the Initial Term for a period of five (5) years each (each, an "Extension Term"), subject and pursuant to the terms and conditions of Exhibit E.

### 3. Rent.

3.1 Base Rent. Starting on the Commencement Date, Tenant shall pay to Landlord base monthly rent ("Base Rent"), without demand or request on or before the first day of each month of the first year of the Term. The initial Base Rent payable hereunder for the first year of the Term shall be equal to \$42.00 per rentable square foot of the Premises, divided into twelve (12) equal monthly payments. Upon substantial completion of the Landlord's Work and Tenant Improvement Work the Landlord shall calculate the initial Base Rent based on the foregoing and shall include such initial amount in the Commencement Date Memorandum described above. The Base Rent shall be increased on the second (2nd) anniversary of the Commencement Date and every two (2) years thereafter during the Initial Term (each such date, an "Adjustment Date") by adding an amount (the "CPI Escalation Amount") equal to the product obtained by multiplying: (i) the Base Rent then in effect, times (ii) for the first Adjustment Date, the percentage increase in the CPI (defined below) from the Commencement Date through the first Adjustment Date, and thereafter, the percentage increase in the CPI from the immediately prior Adjustment Date to the then current Adjustment Date; provided the CPI Escalation Amount for each Adjustment Date shall be no more than six percent (6%) of the then-current monthly Base Rent regardless of the actual increase in the CPI. In no event shall the Base Rent in effect immediately prior to any Adjustment Date be decreased, or shall Tenant be entitled to any credit because of any decrease in the CPI. "CPI" shall mean the Consumer Price Index for All Urban Consumers, All Items



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for Los Angeles-Long Beach-Anaheim (Base year 1982-84 = 100) published by the United States Department of Labor, Bureau of Labor Statistics. If the Bureau of Labor Statistics substantially revises the manner in which the CPI is determined, an adjustment shall be made in the revised CPI which would produce results equivalent, as nearly as possible, to those which would be obtained hereunder if the CPI were not so revised. If the 1982-84 average shall no longer be used as an index of 100, such change shall constitute a substantial revision. If the CPI becomes unavailable to the public because publication is discontinued, or otherwise, Landlord shall substitute therefor a comparable index based upon changes in the cost of living or purchasing power of the consumer dollar published by a governmental agency, major bank, other financial institution, university or recognized financial publisher. If the CPI is available on a monthly (or alternating monthly) basis, the CPI for the months in which (or immediately preceding, as the case may be) the Commencement Date and Adjustment Date(s), respectively occur shall be used.

### 3.2 Additional Rent.

3.2.1 Defined. All sums of money required to be paid by Tenant to Landlord pursuant to the terms of this Lease, other than Base Rent and unless otherwise specified herein, shall be considered additional rent ("Additional Rent") and shall be collectible by Landlord in accordance with the terms of this Lease.

3.2.2 Operating Expenses. As Additional Rent, Tenant shall pay to Landlord on the first day of each month during the Term, in addition to the Base Rent, Landlord's reasonable good faith estimate of Tenant's Share of annual Operating Expenses (as defined below).

(a) Defined. The term "Operating Expenses" is defined, for purposes of this Lease, as all costs incurred by Landlord (or by Master Developer and passed through to Landlord via the Sublease) relating to the ownership, maintenance, repair, replacement and operation of the Buildings, Common Areas, and other portions of the Project in good order and a neat and clean condition and in accordance with the requirements of this Lease, the Sublease, and Applicable Laws, including without limitation the following: (i) the cost of supplying all utilities, the cost of operating, maintaining, repairing, replacing, renovating and managing the utility systems, mechanical systems, and elevator systems, and the cost of supplies, tools, and equipment and maintenance and service contracts in connection therewith; (ii) the cost of licenses, certificates, permits and inspections and the cost of contesting the validity or applicability of any governmental enactments which may affect Operating Expenses; (iii) the cost of any insurance carried by Landlord, in such amounts as Landlord may reasonably determine (collectively, "**Insurance Costs**"); (iv) fees, charges and other costs, including management fees (or amounts in lieu thereof), consulting fees (including but not limited to any consulting fees incurred in connection with the procurement of insurance), legal fees and accounting fees, of all persons engaged by Landlord or otherwise reasonably incurred by Landlord in connection with the management, operation, administration, maintenance and repair of the Buildings, Common Areas, and other portions of the Project; (v) the cost of parking area repair, restoration, and maintenance, including, but not limited to, resurfacing, repainting, restriping, and cleaning; (vi) wages, salaries and other compensation and benefits of all persons engaged in the operation, maintenance or security of the Buildings, Common Areas, and other portions of the Project, and employer's Social Security taxes, unemployment taxes or insurance, and any other taxes which may be levied on such wages, salaries, compensation and benefits; provided, that if any employees of Landlord or Landlord's agents provide services for other projects in addition to the Project, then a prorated portion of such employees' wages, benefits and taxes may be included in Operating Expenses based on the portion of their working time devoted to the Project; (vii) the cost of any maintenance, repair or inspection contracts for any shared systems that benefit the Premises or Common Areas used or made available for use by Tenant or which otherwise benefit the Premises; (viii) amortization, including interest on the unamortized cost at a rate equal to four percent (4%) per annum but not greater than the maximum rate allowed under Applicable Laws (the "Interest Rate"), of the cost of acquiring or the rental expense of personal property used in, the maintenance, operation and repair of the Buildings, Common Areas, and other portions of the Project; (ix) Real Property Taxes (defined below); (x) the cost of capital improvements or other costs incurred in connection with the Buildings, Common Areas, and other portions of the Project (A) which are intended as a labor-saving device or to effect other economies in the operation or maintenance of such areas, or any portion thereof to the extent of cost savings reasonably anticipated by Landlord, or (B) that are required under any Applicable Law enacted after the Commencement Date; provided, however, that each such permitted capital expenditure shall be amortized (including interest on the unamortized cost at the Interest Rate) over its useful life as Landlord shall reasonably determine; (xi) the cost of any capital replacement of any Building Systems, or any other equipment, improvements, or other components of that are a part of the Common Areas, and/or Premises that have reached the end of their useful life, provided, however, that each such permitted capital expenditure shall be amortized (including interest on the



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unamortized cost at the Interest Rate) over its useful life as Landlord shall reasonably determine; (xii) a management fee not to exceed five percent (5%) of the gross revenues from the Project; (xiii) costs and/or assessments incurred or payable under the Sublease or any reciprocal easement agreements, CC&R's (defined below), or similar agreements of record which impact the Project (collectively, "**Assessment Costs**"); (xiv) the cost of painting and other exterior maintenance to the exterior surfaces of the Buildings and other portions of the Project; (xv) commercially reasonable reserves for the potential capital expenditures described above; (xvi) costs, expenses, and fees paid to utility companies and service providers to the extent not paid directly by Tenant or any other tenants, users, or occupants of the Project (collectively, "**Utility Costs**"); and (xvii) a reasonable and equitable contribution to any marketing and/or events funds established by Landlord. The costs and expenses described under subclause (x)(B) above shall collectively be referred to herein as "**Required Compliance Expenses**", and the costs and expenses described under subclause (xi) shall collectively be referred to herein as "**End of Lifecycle Expenses**".

Notwithstanding the foregoing, Operating Expenses shall not include: (1) expenses incurred by Landlord to lease space to new tenants or to retain existing tenants for the Buildings or Project, including but not limited to leasing commissions, advertising and promotional expenditures, and legal fees associated therewith; (2) except as allowed with respect to capital expenditures as expressly set forth above, interest, principal, points and fees, depreciation, amortization or other costs associated with any debt of Landlord; (3) any management or administrative fee in excess of the management fee allowed in subclause (xii) above; (4) the cost of any items for which Landlord is actually reimbursed by warranty, insurance or otherwise actually compensated by third parties other than tenants of the Buildings or Project pursuant to clauses similar to this Section 3.2; (5) expenses incurred by Landlord to resolve disputes or to enforce or negotiate lease terms with prospective or existing tenants of the Buildings or Project, or in connection with any financing, sale or syndication of the Landlord's interest in the Buildings or Project; (6) any penalty or fine incurred by Landlord due to Landlord's violation of any Applicable Laws or any lease for space in the Project; (7) salaries, benefits and other compensation paid to employees above the grade of Project manager; (8) Landlord's general corporate overhead and administrative expenses; (9) costs arising from the negligence or willful misconduct of Landlord or its agents, employees, vendors, contractors, or providers of materials or services; (10) all items and services for which Tenant or any other tenant reimburses Landlord or which Landlord provides selectively to one or more tenants (other than Tenant) without reimbursement; (11) costs (including but not limited to marketing costs, legal fees, space planners' fees, advertising and promotional expenses, brokerage fees, contractor's and subcontractors' fees and permit, license and inspection costs) of the original construction or development of the Buildings, Common Areas, or any other portions of the Project; (12) costs of any capital improvements, capital expenditures or any other capital costs (except as expressly set forth above); (13) costs of electricity, water or any other utilities, or janitorial or other services, for which any tenant (including Tenant) directly contracts with the utility company or service provider or is separately metered or sub-metered, or otherwise pays directly (rather than as an operating cost); (14) any bad debt loss, rent loss, or reserves in excess of the amount allowed above; (15) the wages and benefits of any employee who does not devote substantially all of his or her employed time to the Project unless such wages and benefits are prorated to reflect time spent on operating and managing the Project vis-a-vis time spent on matters unrelated to operating and managing the Project; (16) any rent paid or payable under the Ground Lease or Sublease; (17) overhead and profit increment paid to the Landlord or to subsidiaries or affiliates of the Landlord for services in the Project or any portion thereof to the extent the same exceeds the costs of such services rendered by qualified, first-class unaffiliated third parties on a competitive basis; (18) any expenses (including capital expenditures) paid for by any reserves collected by Landlord as part of Operating Expenses under this Lease and/or any other lease for space in the Project; (19) rentals and other related expenses incurred in leasing air conditioning systems, elevators or other equipment which if purchased the cost of which would be excluded from Operating Expenses as a capital cost, except equipment not affixed to the Buildings or Project which is used in providing janitorial or similar services and, further excepting from this exclusion such equipment rented or leased to remedy or ameliorate an emergency condition in the Buildings or Project not caused by Landlord; (20) costs with respect to the Parking Garage or Transit Plaza that are paid directly by Tenant under the Metro Parking Agreement or any CC&Rs (defined below); (21) any costs expressly excluded from Operating Expenses elsewhere in this Lease; (22) rent for any office space occupied by Project management personnel; (23) costs arising from any construction defects (including latent defects) in the original construction of the Base, Shell, and Core (as defined in the Landlord Work Letter) or Common Areas of the Buildings, or repair of such defects; (24) costs incurred to remove, remedy, treat, abate, contain, or comply with Applicable Laws relating to Hazardous Substances not brought onto the Project by Tenant or its agents, employees or contractors; (25) expenses in connection with services or other benefits for which Tenant is charged directly, including without limitation those which are directly invoiced to Tenant as Additional Rent under this Lease; (26) costs (including in connection therewith all attorneys' fees and costs of settlements, judgments



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and payments in lieu thereof) arising from claims, disputes or potential disputes in connection with potential or actual claims, litigation or arbitration pertaining to Landlord and/or the Project to the extent not caused by Tenant or any Tenant Party capable of being reasonably controlled by Tenant; (27) Real Property Taxes, to the extent that Tenant is exempt therefrom and as a result, Landlord does not incur such Real Property Taxes with respect to the Premises; (28) any utilities or other charges payable directly by the tenants of the Retail Project; (29) any security and utility expenses allocated to the affordable housing units in the Project; (30) any costs or expenditures which solely benefit the tenants of the Retail Project; and (31) any costs or expenditures which solely benefit the Residential Project.

(b) Real Property Taxes. As used in this Lease, the term “Real Property Taxes” shall mean all Federal, State, County, and/or local governmental or municipal taxes, fees, assessments, charges or other impositions of every kind and nature, whether general, special, ordinary or extraordinary imposed because of or in connection with the ownership, leasing and/or operation of the Project, or any portion thereof, including, without limitation: (i) real estate taxes, general and special assessments, and any increases thereto which may result from any reassessment of the Premises, Commercial Project, Buildings, Project, or any component of the Project, (ii) all leasehold taxes or taxes based upon the receipt of rent, including gross receipts or sales taxes applicable to the receipt of rent, (iii) any personal property taxes imposed upon the fixtures, machinery, equipment, apparatus, systems and equipment, appurtenances, furniture and other personal property located upon or used in connection with the Premises, Commercial Project, Buildings, Project, or any component of the Project (including those with respect to Tenant’s personal property, equipment and fixtures to the extent not assessed separately, but excluding those with respect to any personal property of any other tenants of the Project), (iv) any assessment, tax, fee, levy or charge upon this transaction or any document/agreement to which Tenant is a party, creating or transferring an interest or an estate in the Premises, Commercial Project, Buildings, Project, or any component of the Project, (v) any assessment, tax, fee, levy or charge which is in addition to, or in substitution, partially or totally, of any assessment, tax, fee, levy or charge previously included within the definition of real property tax or any of the foregoing items, and (vi) any reasonable expenses incurred by Landlord in attempting to protest, reduce or minimize such taxes. Real Property Taxes shall be prorated on a per diem basis for any portion of the Term that occurs during a partial tax year. Notwithstanding the foregoing, Tenant shall not be responsible for (a) any estate, inheritance, federal and state net income or documentary transfer taxes, or any tax penalties assessed due to Landlord’s actions or inaction with respect to the timely payment of Real Property Taxes; (b) any excess profits taxes, franchise taxes, gift taxes, transfer, recording, or capital stock taxes, or any other taxes to the extent applicable to Landlord’s general or net income (as opposed to rents or receipts attributable to the operation of the Project); or (c) taxes imposed on land or improvements other than the Project.

(c) Tenant’s Share. Landlord shall, from time to time, equitably allocate some or all of the Operating Expenses among different tenants of the Commercial Project and between the Building Common Areas and other Common Areas of the Project, depending on the nature of such Operating Expenses (the “Cost Pools”). The parties acknowledge and agree that as used in this Section 3.2, the term “Tenant’s Share” shall refer to the applicable Tenant’s Share of the Operating Expenses for each Cost Pool. Upon receipt of written request, Landlord shall reasonably explain such allocations to Tenant along with any applicable verification documents showing how such determinations/allocations were made.

(d) Payments. Tenant’s Share of Operating Expenses shall be payable by Tenant monthly during the Term, on the same day as the Base Rent is due hereunder, starting on the Commencement Date (provided that Landlord shall have given Tenant written notice of the initial estimated amount of Tenant’s Share of Operating Expenses at least thirty (30) days prior thereto). If at any time Landlord determines that Tenant’s Share of Operating Expenses are projected to vary from the previously estimated Tenant’s Share of Operating Expenses, Landlord may, by written notice to Tenant, revise such estimate, and Tenant’s monthly installments. Notwithstanding the foregoing, (i) Landlord shall have the right, in its discretion and from time to time during the Term, to instead invoice Tenant in writing as Additional Rent for any particular Operating Expenses that specifically relate to Tenant or the Premises, and such invoices (which shall include copies of cost verification documents) shall be paid within thirty (30) days after Tenant’s receipt thereof, and (ii) Landlord may elect, in its sole discretion and with written notice to Tenant, to invoice Tenant for Tenant’s Share of Operating Expenses on a monthly, quarterly, bi-annual or annual basis, instead of having Tenant make estimated payments.

(e) Annual Reconciliation. So long as, and to the extent that, Tenant pays Tenant’s Share of Operating Expenses based on Landlord’s estimate, then Landlord shall deliver to Tenant within one-hundred twenty (120) days after the expiration of each calendar year, a reasonably detailed statement (the “Reconciliation”



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Statement”) showing Tenant’s Share of the actual Operating Expenses incurred during the preceding year. If Tenant’s payments during such year exceed Tenant’s Share as indicated on the Reconciliation Statement, then Tenant shall receive a credit in the amount of such overpayment against the Tenant’s Share of Operating Expenses next coming due. If instead Tenant’s payments were less than Tenant’s Share as indicated on the Reconciliation Statement, then Tenant shall pay to Landlord the amount of the deficiency within thirty (30) days after Tenant’s receipt of the Reconciliation Statement. Landlord’s and Tenant’s obligation to pay the amounts set forth in this paragraph shall survive the expiration or earlier termination of this Lease; provided that notwithstanding anything to the contrary herein, in no event shall Tenant be obligated to pay any amounts first billed to Tenant more than twenty-four (24) months after being incurred by Landlord, excluding (i) delayed billing due to Force Majeure, and (ii) supplemental Real Property Taxes to the extent applicable to the Term of the Lease.

(f) Audit Right. If Tenant disputes the Tenant’s Share of Operating Expenses set forth in a Reconciliation Statement, Tenant may designate, within one hundred twenty (120) days after receipt of a Reconciliation Statement, an independent certified public accountant chosen by Tenant and reasonably approved by Landlord to inspect Landlord’s books and records related thereto. Tenant is not entitled to request such inspection if Tenant is in default under this Lease at such time (beyond expiration of applicable notice and cure periods). The accountant must be a member of a nationally or regionally recognized accounting firm, and may not be paid on a contingency basis. The inspection/audit shall be conducted in Landlord’s offices in Los Angeles County at a reasonable time or times, and Landlord shall cause the underlying books and records pertaining to the subject Reconciliation Statement to be available at such office for purposes thereof. If Landlord notifies Tenant, within sixty (60) days after Tenant’s completion of its audit and delivery thereof to Landlord, that Landlord reasonably disputes the result thereof, then a certification of the proper amount shall be made by an independent certified public accountant mutually agreed upon by the parties working in good faith, who is reputable and appropriately licensed, and who is a member of a nationally recognized accounting firm which is not then employed and which has not been previously employed by either Landlord or Tenant (or their respective affiliates) in the three (3) year period preceding such audit. If the parties are unable, working in good faith, to mutually agree upon an independent auditor within a thirty (30) days period, then either party may thereafter submit the matter for resolution by arbitration to the local office of JAMS, where the sole issue shall be the determination of the independent auditor. The findings of the independent auditor shall be final and conclusive on the parties absent manifest error. Tenant shall be solely responsible for the costs, expenses and fees of any such audits, including any audit by an independent accountant; provided if it is determined (as a result of Tenant’s initial audit, the independent audit, or otherwise) that Tenant’s Share of Operating Expenses set forth in the Reconciliation Statement is overstated by more than five percent (5%), then Landlord shall pay for the cost of the independent accountant (if applicable) and reimburse Tenant for its actual and reasonable out of pocket costs incurred in performing such audits. An overcharge of Operating Expenses by Landlord shall not be considered a default by Landlord or in any way entitle Tenant to terminate this Lease. If the audit (as certified by the independent accountant, if applicable) shows an underpayment of Operating Expenses by Tenant, Tenant shall pay to Landlord, within thirty (30) days after such completion or certification, the amount owed to Landlord, and, if the audit (as certified by the independent accountant, if applicable) shows an overpayment of Operating Expenses by Tenant, Landlord shall reimburse Tenant for such overpayment within thirty (30) days after such completion or certification.

(g) Limitation on Controllable Operating Expenses. Starting with the Operating Expenses payable after the conclusion of the first full calendar year of the Term, the Controllable Operating Expenses (defined below) payable by Tenant under this Lease shall not increase by more than six percent (6%) per annum (the “**Controllable Cap**”) during each subsequent calendar year of the Term. The Controllable Cap shall be calculated on a cumulative basis. For illustration purposes only, if Controllable Operating Expenses increase by three percent (3%) in the first calendar year when this paragraph applies, then they may increase by no more than seven percent (7%) during the subsequent calendar year. As used in this Lease the term “**Controllable Operating Expenses**” shall mean all Operating Expenses other than: (i) Utility Costs, (ii) Insurance Costs, (iii) Real Property Taxes, (iv) Assessment Costs, (v) Required Compliance Expenses, (vi) End of Lifecycle Expenses, and (vii) any Operating Expenses payable under Sections 4 and/or 7.3.2(b); provided each of the foregoing shall still be subject to the exceptions and limitations set forth in Sections 3.2(a), 3.2(b), 4, and 7.3.2(b), as applicable.

3.3 General. Base Rent and all Additional Rent shall be collectively referred to herein as “Rent”. Rent shall be payable in lawful money of the United States to Landlord at the address stated herein or to such other persons or at such other places as Landlord may designate in writing. Rent for any partial month of the Term shall be prorated on a per diem basis. All Additional Rent other than estimated payments of Operating Expenses shall be due and



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payable within thirty (30) days after Tenant's receipt of written demand therefor unless expressly provided otherwise in this Lease. To the extent any Additional Rent accrues or the underlying costs or expenses are incurred by Landlord during the Term of this Lease, or accrues or is incurred after the Term of this Lease as a result of acts, occurrences, or omissions which happened during the Term and for which Tenant is responsible pursuant to the terms of this Lease, then Tenant shall remain obligated therefore regardless of whether such Additional Rent is invoiced by Landlord during the Term, and Tenant's obligation to reimburse Landlord for such Additional Rent shall survive the expiration of the Term or earlier termination of this Lease. Notwithstanding the foregoing or anything to the contrary in this Lease, in no event shall Tenant be obligated to pay any Operating Expenses or other Additional Rent items first billed to Tenant more than twenty-four (24) months after being incurred by Landlord, excluding (i) delayed billing due to Force Majeure, and (ii) supplemental Real Property Taxes to the extent applicable to the Term of the Lease. Any payment of Rent not received by Landlord when due shall incur a late fee equal to five percent (5%) of such overdue amount, and shall accrue interest at the lesser of ten percent (10%) per annum and the highest rate permitted under applicable laws from the date due until paid in full. Such late fee and interest shall be considered Additional Rent hereunder and shall be paid to Landlord within ten (10) business days after Tenant's receipt of written demand therefor, including applicable verification documents; provided, however, that there shall be no late charge or interest payable with respect to the first late payment made in any 12-month period, as long as such late payment is fully paid within ten (10) business days after written demand. Landlord shall have the right to apply payments received from Tenant pursuant to this Lease, regardless of Tenant's designation of such payments, to satisfy any obligations of Tenant hereunder, in such order and amounts as Landlord, in its sole discretion, may elect. All Rent payable by Tenant on a monthly basis shall be paid by electronic payment directly from an account designated by Tenant to an account designated by Landlord, if requested by Landlord. Tenant shall cooperate with Landlord to set up such electronic payments upon request. Landlord may at any time, in its sole and absolute discretion, change the method of payment from electronic payment to another method of payment designated by Landlord. If any Rent payment date (including the Commencement Date) falls on a day of a calendar month other than the first day of such calendar month or if any Rent payment is for a period which is shorter than one calendar month such as during the last month of the Term, the Rent for any fractional calendar month shall accrue on a daily basis for the period from the date such payment is due to the end of such calendar month or to the end of the Term at a rate per day which is equal to 1/365 of the Rent. All other payments or adjustments required to be made under the terms of this Lease that require proration on a time basis shall be prorated on the same basis.

4. Utilities and Services. Landlord shall provide or cause utility providers and other third party service providers to provide the Tenant and Premises with the following services: janitorial service (five (5) nights per week excluding holidays), HVAC, fire and life safety, trash removal, pest control/exterminator, electricity, natural gas (if applicable), water, and sewer (if applicable). The costs, fees, and expenses incurred by Landlord in connection with such services, and the cost of installing and maintaining any meters or sub-meters relating thereto, shall be paid by Tenant as Additional Rent, either, at Landlord's election from time to time and in Landlord's sole discretion, (i) within thirty (30) days after Tenant's receipt of a detailed written invoice, or (ii) as part of Operating Expenses; provided if billed as part of Operating Expenses then such Operating Expenses shall be considered Utility Costs and not part of Controllable Operating Expenses. Tenant shall procure on its own, and shall pay directly at Tenant's sole cost and expense, for all telephone and telecommunication services for the Premises and for any other services not expressly set forth above. Notwithstanding the foregoing, if the Tenant hereunder is at any time during the Term not the Original Tenant or a Permitted Transferee, then at Landlord's election, in its sole discretion, and with at least sixty (60) days prior written notice, the Tenant shall be required to procure any or all of the foregoing services directly on its own, and at Tenant's sole cost and expenses. If any of the foregoing utilities or services are not separately metered, sub-metered, or billed to the Premises, Tenant shall pay at Landlord's option, either Tenant's Share or a reasonable proportion to be determined by Landlord of all charges jointly metered with other premises in the Buildings, Commercial Project, or Project, as applicable; provided, however that Landlord shall cause all retail tenants and residential tenants in the Project to be separately metered for all utilities serving their respective premises, so that Tenant is not charged for any share of utility usage by such other tenants. Tenant agrees that Landlord shall not be liable for damages, by abatement of Rent or otherwise, for failure to furnish or delay in furnishing any service (including telephone and telecommunication services), or for any diminution in the quality or quantity thereof, when such failure or delay or diminution is occasioned, in whole or in part, by Force Majeure events, by repairs, replacements, or improvements, by any strike, lockout or other labor trouble, by inability to secure electricity, gas, water, or other fuel at the Building after reasonable effort to do so, by any accident or casualty whatsoever, by act or default of Tenant or other parties not under the control of Landlord, or by any other cause beyond Landlord's reasonable control; and such failures or delays or diminution shall never be deemed to constitute an eviction or



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disturbance of Tenant's use and possession of the Premises or relieve Tenant from paying Rent or performing any of its obligations under this Lease. Furthermore, Landlord shall not be liable under any circumstances for a loss of, or injury to, property or for injury to, or interference with, Tenant's business, including, without limitation, loss of revenue or profits, however occurring, through or in connection with or incidental to a failure to furnish any of the services or utilities as set forth in this Section 4. Landlord may comply with voluntary controls or guidelines promulgated by any governmental entity relating to the use or conservation of energy, water, gas, light or electricity or the reduction of automobile or other emissions without creating any liability of Landlord to Tenant under this Lease, provided that the Premises are not thereby rendered untenable and provided that all tenants in the Project are treated in the same manner. In the event of any stoppage or interruption of Building Common Area services, Landlord shall diligently attempt to resume such Building Common Area service as promptly as practicable. Tenant hereby waives the provisions of California Civil Code Section 1932(1) or any other applicable existing or future law, ordinance or governmental regulation permitting the termination of this Lease due to an interruption, failure or inability to provide any services.

Notwithstanding anything to the contrary in this Section 4 or elsewhere in this Lease, if all or a material portion of the Premises is rendered unusable by Tenant, and is not actually occupied or used by Tenant, as a result of (i) Landlord's default (beyond notice and cure periods) under this Lease, (ii) the presence of Hazardous Substances not brought onto the Project by Tenant or its agents, employees or contractors, (iii) the negligence or willful misconduct of Landlord or its employees, agents, contractors or subcontractors, or (iv) Landlord's failure to pay any amounts to third party service providers or utility companies providing services to the Premises, Building, or Project, as and when such amounts are due and payable to such parties, so long as such failure by Landlord is not due to Tenant's failure to pay Landlord for such amounts (of Tenant's Share thereof, as applicable) in accordance with the terms and conditions of this Lease, then Tenant shall give Landlord written notice (the "Initial Notice"), specifying such failure with reasonable detail (the "Landlord Failure"). If Landlord has not cured such Landlord Failure within three (3) business days after the receipt of the Initial Notice (the "Eligibility Period"), Tenant may deliver an additional notice to Landlord (the "Additional Notice"), specifying such continuing Landlord Failure and Tenant's intention to abate the payment of Rent under this Lease. If Landlord does not cure such Landlord Failure within two (2) business days of receipt of the Additional Notice, Tenant may immediately abate the Rent payable under this Lease for that portion of the Premises rendered unusable and actually not used or occupied by Tenant, for the period beginning on the date of the Initial Notice to the earlier of the date Landlord cures such Landlord Failure or the date Tenant recommences the use of such portion of the Premises. If Tenant elects to avail itself of the foregoing remedy, it shall be deemed Tenant's sole and exclusive remedy with respect to such Landlord Failure; provided the foregoing shall not limit Landlord's indemnity obligations under this Lease.

5. Use. Tenant shall be permitted to use and occupy the Premises during the Term solely for the operation of a Metro Training Center, Metro Innovation Center, and/or Metro Offices and for other lawful office uses, and for no other purpose ("Tenant's Business"), in accordance with the terms and conditions of this Lease, and for no other purpose whatsoever without Landlord's prior written consent, which consent may be given or withheld in Landlord's sole and absolute discretion. Subject to casualty, other Force Majeure, Applicable Laws, and any other applicable terms and conditions of this Lease, Tenant shall have access to the Premises and the Parking Garage, 24 hours per day 7 days per week, 52 weeks per year. Tenant shall at all times operate Tenant's Business in a manner at least equal to the quality of the Project, in full compliance with all Applicable Laws related thereto. Without limiting the foregoing, Tenant covenants and agrees, at Tenant's sole cost, to comply promptly with (i) all applicable state, federal, and/or local statutes, ordinances, rules, orders, requirements, orders, directives, permits, regulations and other laws, including but not limited to the Americans with Disabilities Act applicable to Tenant's activities within the Premises, (ii) all covenants, conditions and restrictions, reciprocal easement agreements, and similar encumbrances impacting the use of the Project (collectively, "CC&R's"), and (iii) the requirements of any board of fire insurance underwriters or equivalent, in each such instance whether now in effect or which may hereafter come into effect, in each event regulating the use or occupation of the Premises (collectively, "Applicable Laws"). Under no circumstances shall Tenant be obligated to make structural modifications to the Premises or the Project to comply with Applicable Laws so long as Tenant is using the Premises for Tenant's Business. The foregoing obligations of Tenant shall not reduce or excuse Landlord's obligation to comply with all Applicable Laws, including but not limited to the Americans with Disabilities Act with respect to the Project, including, without limitation, the elevator servicing the Premises and all other points of access to the Premises under Landlord's control. Without limiting the foregoing, Tenant shall not use or permit the use of the Premises in a manner that is unlawful, creates damage, waste or a nuisance, or that unreasonably disturbs owners and/or occupants of neighboring properties, nor shall Tenant use the Premises or any



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portion of the Project in violation of the terms of the Ground Lease or Sublease. In addition to any other rights or remedies which Landlord may have as a result thereof, Tenant shall pay all fees, costs, expenses, fines, penalties and damages imposed upon Landlord by reason of or arising out of Tenant's failure to fully and promptly comply with and observe the provisions of this Section 5. Notwithstanding anything to the contrary in this Section 5 or elsewhere in this Lease, (a) as a condition precedent to Tenant's obligations under this Section 5 or elsewhere with respect to any amendments or modifications made to the CC&Rs, the Ground Lease, or the Sublease after the mutual execution of this Lease, Tenant shall have thirty (30) days after receipt of such amendments or modifications prior to being obligated to comply with the terms thereof, and (b) no amendments or modifications to the CC&Rs, the Ground Lease or the Sublease after the mutual execution of this Lease shall (X) materially and adversely affect Tenant's use of the Premises for Tenant's Business, (Y) materially and adversely affect access to the Premises, the Transit Plaza or the Metro Parking Spaces, or (Z) materially increase the obligations or materially decrease the rights of Tenant under this Lease.

### 6. Intentionally Deleted.

### 7. Condition of Premises.

7.1 Delivery of Premises; Landlord's Work. Landlord shall, at its sole cost and expense, perform the work described on Schedule 1 to the Landlord Work Letter (the "Landlord's Work"), and shall also perform the Tenant Improvement Work as provided in Section 7.2 below. Without limiting the foregoing, Tenant acknowledges that neither Landlord nor any other Landlord Party has made any representation or warranty as to the present or future suitability of the Premises or Project for the conduct of Tenant's Business, or the physical condition of the Premises, Building or Project, Tenant hereby agreeing to rely solely upon its own due diligence as to such matters, and Landlord shall have no obligation to Tenant to make any improvements, alterations, or repairs to the Premises, Building or Project unless expressly set forth otherwise in this Lease. Notwithstanding the foregoing, Landlord represents and warrants to Tenant that on the date the Premises are delivered to Tenant, the Building Systems serving the Premises shall be in good working order and condition, the Premises shall not contain Hazardous Substances in violation of Applicable Laws, and the Landlord's Work and the Tenant Improvement Work shall be in compliance with all Applicable Laws. In the event of Landlord's breach of the foregoing representation and warranty, Landlord shall promptly remedy such breach following written notice from Tenant, at Landlord's sole cost and expense.

7.2 Tenant Improvement Work. Additionally, subject to Tenant performing its obligations under the Tenant Improvement Work Letter, Landlord shall manage and coordinate the performance of the work described on Schedule 1 to the Tenant Improvement Work Letter (the "Tenant Improvement Work"). Tenant shall be solely responsible for all costs associated with the Tenant Improvement Work (except as provided otherwise in the Tenant Improvement Work Letter), and shall pay the same in accordance with the terms and conditions of the Tenant Improvement Work Letter. Upon Substantial Completion of the Tenant Improvement Work, Landlord shall deliver the Premises to Tenant in the condition required by the Tenant Work Letter. Notwithstanding the foregoing, the parties hereby acknowledge and agree that the Tenant Improvement Work has been (or shall be) designed by Tenant and its architects, engineers, agents, consultants, and other representatives or Tenant Parties, and without limiting anything else in this Lease or the Tenant Improvement Work Letter, the Landlord's sole obligation with respect to the Tenant Improvement Work is to manage the construction of such work by a contractor approved by Landlord and Tenant in accordance with the terms and conditions of the Tenant Improvement Work Letter, and Landlord shall have no other duties, obligations, or liabilities whatsoever relating to the Tenant Improvement Work.

### 7.3 Repairs and Maintenance.

7.3.1 Landlord's Obligations. Subject to reimbursement as invoiced Additional Rent or as part of Operating Expenses to the extent permitted by Section 3.2 above, Landlord shall maintain and repair (i) all elements of the Project outside of the demising walls of the Premises including but not limited to the foundations, exterior walls, structural condition of interior bearing walls, slab and roof (including roof membrane and any skylights) of the Premises and Buildings, (ii) to the extent such systems are part of the Building Common Areas or are otherwise Building-wide, all of the Building's fire/life safety, mechanical, electrical, plumbing, sewer, HVAC, lighting and security systems, and facilities and equipment related to any such systems (collectively, the "Building Systems") but only up to their point of connection to the Premises and excluding all fixtures within the Premises, and (iii) the Project's landscaping, hardscape, and all other portions of the Building Common Areas. Landlord shall have no



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obligation to make any repairs under this paragraph with respect to any portion of the Premises until a reasonable time after receipt of written notice from Tenant of the need for such repairs. Tenant expressly waives the benefits of any statute now or hereafter in effect which would otherwise afford Tenant the right to make repairs at Landlord's expense (including, without limitation, the provisions of California Civil Code Section 1942 and any successive sections or statutes of a similar nature) or to terminate this Lease because of Landlord's failure to keep the Premises in good order, condition and repair.

### 7.3.2 Tenant's Obligations.

(a) Excluding Landlord's express obligations above, and subject to Section 7.3.2(b) below, Tenant, at Tenant's expense, shall keep the interior, non-structural portions of the Premises and every part thereof in good order, condition and repair, including, without limiting the generality of the foregoing, all systems located in or exclusively serving the Premises (including the elevator exclusively serving the Premises, any security, fire and/or life-safety system exclusively servicing the Premises, and any HVAC system and/or supplemental HVAC system that exclusively serves the Premises), all fixtures and equipment in the Premises, interior walls and interior surfaces of exterior walls, the exterior storefront of the Premises, plate glass, floors, ceilings, interior windows, doors, and all tenant improvements within the Premises. Tenant shall keep the foregoing interior, non-structural portions of the Premises in good order, condition and state of repair, and otherwise in the condition required under this Lease. Without limiting Tenant's obligations set forth above or elsewhere in this Lease, Tenant shall, at its sole cost and expense, (i) at all times maintain the Premises in such condition as may be required to prevent the growth or existence of mold, (ii) not make any Alterations (defined below) or install or bring upon the Premises any property or equipment which might be conducive to the existence or growth of mold, (iii) give Landlord prompt written notice upon the discovery or suspected discovery of any mold on or about the Premises, and (iv) at Tenant's sole cost and expense, promptly remove and remediate all mold that appears in, on, or about the Premises in full compliance with all Applicable Laws and repair any damage to the Premises which may result therefrom. Landlord agrees to pass along the benefit of any warranties which Landlord may have rights to and which are in full force and effect for the benefit of Landlord for any Building Systems located in or which exclusively serve the Premises, if any; provided this sentence shall in no way waive or otherwise limit Tenant's obligations set forth above or elsewhere in this Lease with respect to such systems.

(b) Notwithstanding the foregoing, the parties hereby agree that from time to time upon receipt of written request from Tenant, Landlord shall contract with third parties to provide services associated with and/or required in connection with the Tenant's obligations set forth above (collectively, "Third Party Maintenance and Repair Services"). Tenant shall have the right to reasonably approve the contractor and/or service provider providing the Third Party Maintenance and Repair Services, and also to reasonably approve the estimated charges, costs and fees proposed by such third parties. As Additional Rent, the Tenant shall reimburse Landlord for all costs and expenses incurred by Landlord in connection with procuring such Third Party Maintenance and Repair Services, including the costs and fees charged by the contractor/service provider, costs of materials, equipment, and labor, and an administrative fee equal to five percent (5%) of all associated costs, within thirty (30) days after receipt of written demand from Landlord (which shall include copies of invoices and other relevant cost verification documents). Notwithstanding anything else in this Lease to the contrary, the parties hereby agree that Landlord is engaging contractors/service providers to provide the Third Party Maintenance and Repair Services as an accommodation to Tenant and at Tenant's request, and thus the contractor/service provider providing Third Party Maintenance and Repair Services shall not be considered Landlord Parties (defined below), nor shall Landlord be responsible in any way for indemnifying Tenant or any Tenant Parties (defined below) in any way for any Claims resulting from the acts or omissions of such contractors/service providers, but Landlord agrees: (i) to use commercially reasonable efforts to cause such contractors/service providers to perform the Third Party Maintenance and Repair Services in accordance with industry standards, Applicable Laws, and the terms and conditions of all applicable contracts relating thereto, and (ii) to the extent reasonably possible, to pass along to Tenant and the other Tenant Parties the benefit of all indemnities and insurance coverage provided by such contractors/service providers to Landlord. Additionally, the rights of the Tenant under this Section 7.3.2(b) are personal to the Original Tenant and any Permitted Assignee of the Original Tenant, and Landlord shall have sole discretion as to whether it elects to procure Third Party Maintenance and Repair Services to any other successor-in-interest to Original Tenant under this Lease.

7.4 Surrender of Premises. Tenant shall surrender the Premises to Landlord upon the expiration of the Term or earlier termination of this Lease in substantially the same condition received, reasonable wear and tear, repairs



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which are the obligation of Landlord, casualty, and any Alterations that Landlord has not required be removed from the Premises (if and to the extent that Landlord is permitted to do so pursuant to this Lease), excepted. 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. Tenant shall repair any damage to the Premises occasioned by the installation or removal of Tenant's trade fixtures, alterations, furnishings and equipment. If Tenant fails to remove all of its personal property, fixtures and equipment from the Premises by the end of the Term, then unless Landlord is notified by Tenant otherwise, such items shall be deemed abandoned, and Landlord may dispose of such as it sees fit, subject to Applicable Laws. Tenant shall be responsible for reimbursing Landlord for all reasonable costs incurred by Landlord due to Tenant's failure to comply with the provisions of this paragraph, and the obligations of Tenant hereunder shall survive the expiration of the Term and any earlier termination of this Lease.

8. Access. Landlord and the other Landlord Parties shall have the right to enter the Premises at any time, in the case of an emergency, and otherwise at reasonable times upon not less than twenty-four (24) hours prior notice, for the purpose of showing the same to prospective purchasers, lenders, or tenants (during the last twelve (12) months of the Term), to make improvements or alterations to the Premises and/or Buildings in accordance with this Lease, and to perform Landlord's maintenance or repair obligations hereunder. Landlord may at any time place on or about the Premises, Buildings and/or Project any ordinary "For Sale" or "For Lease" signs on vacant space, and Landlord may at any time during the last one hundred eighty (180) days of the Term place on or about the Premises any ordinary "For Lease" signs. Landlord shall use commercially reasonable efforts to not unreasonably interfere with Tenant's use or occupancy of the Premises during the exercise of any rights to access the Premises as set forth in this Lease, and subject to the foregoing efforts, all activities of Landlord pursuant to this paragraph shall be without abatement of Rent, nor shall Landlord have any liability to Tenant for the same.

9. Alterations. Tenant shall not make nor cause to be made any alterations, modifications, or improvements to the Premises (collectively "Alterations") without Landlord's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed; provided Landlord may withhold and/or condition its consent to any Alteration that impacts the exterior or structural portions of the Premises, Buildings or Project, or which materially impacts any Building Systems, in Landlord's sole and absolute discretion. Notwithstanding the foregoing, but otherwise subject to the terms and conditions of this Section 8 and with at least ten (10) business days' prior written notice to Landlord, Tenant shall be entitled to make Alterations which are non-structural, only impact the interior of the Premises, and which do not materially impact any Building Systems, without need for Landlord's prior approval, provided that the total aggregate cost of such Alterations is less than \$25,000.00 in any one instance. Should Tenant make any Alterations without the prior approval of Landlord (when required), Landlord may, at any time and without limitation on its other rights and remedies, require that Tenant remove any or all of the same, or, with written notice to Tenant, effectuate such removal on Tenant's behalf at Tenant's cost. Any Alterations made by Tenant shall be done in a good and workmanlike manner, using new materials, be in compliance with all Applicable Laws, and Tenant shall, within thirty (30) days after completion of such Alterations provide Landlord with as-built plans and specifications for same, if applicable. All Alterations shall become a part of the Project and immediately belong to Landlord without compensation to Tenant at the end of the Term unless required to be removed by Landlord in accordance with the requirements of this Lease, provided that equipment, trade fixtures and movable furniture shall remain the property of Tenant. Notwithstanding anything to the contrary in this Lease, Landlord shall notify Tenant in writing at the time of approval of plans for Alterations in the event that Landlord will require that Tenant remove such Alterations at the expiration or earlier termination of the Term, and restore the Premises, Building and/or Project to their prior condition. Any request for Landlord's consent to Alterations shall be presented to Landlord in written form, with proposed detailed plans. If Landlord shall give its consent, the consent shall be conditioned upon (i) Tenant acquiring all permits required under Applicable Laws (including those required under any CC&R's) and furnishing a copy thereof to Landlord prior to the commencement of the work, and complying with all conditions thereof, and (ii) Tenant's compliance with all of the terms, conditions, limitations and requirements reasonably imposed by Landlord as part of its consent. At a minimum, all Alterations shall be designed and constructed by professionals reasonably approved by Landlord that are licensed to perform such work in the State of California. Such professionals shall maintain in full force and effect, throughout the duration of the performance of the work, such insurance as Landlord may reasonably require. Upon completion of any Alterations, if applicable, Tenant agrees to cause a timely Notice of Completion to be recorded in the office of the Recorder of the County of Los Angeles in accordance with the terms of Section 8182 of the Civil Code of the State of California or any successor statute, and Tenant shall deliver to the Landlord a reproducible copy of the "as built" drawings of the Alterations.



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### 10. Insurance.

10.1 Tenant's Insurance. At its sole cost and expense, Tenant shall maintain in full force and effect during the Term of the Lease the following insurance coverages insuring against claims which may arise in connection with the Tenant's operation and use of the Premises:

10.1.1 General Liability Insurance. General Liability Insurance providing coverage against claims of bodily injury, personal injury and property damage arising out of Tenant's operations, assumed liabilities, and/or use and occupation of the Premises, including a Broad Form Commercial General Liability endorsement covering the insuring provisions of this Lease for limits of liability not less than \$3,000,000 each occurrence, \$5,000,000 annual aggregate, and zero percent (0%) insureds participation.

10.1.2 All-Risk Insurance; Personal Property. "All-Risk"/"Special Form" extended coverage property insurance covering Tenant's personal property and all other trade fixtures, inventory, supplies, equipment, tenant improvements (including those installed as part of the Tenant Improvement Work), and Alterations on or about the Premises, insuring against all risks of direct physical loss for the full new replacement cost value thereof, without deduction for depreciation of the covered items and in amounts that meet any co-insurance clauses of the policies of insurance, and with a vandalism and malicious mischief endorsement, sprinkler leakage coverage and earthquake sprinkler leakage coverage.

10.1.3 Business Interruption Insurance. Loss of income, business interruption and extra-expense insurance in such amounts as will reimburse Tenant for all direct and indirect loss of earnings attributable to all perils commonly insured against by prudent tenants or attributable to prevention of loss of access to the Premises as a result of such perils. Such insurance shall provide coverage for no less than twelve (12) months and shall be carried in amounts necessary to avoid any coinsurance penalty that could apply.

10.1.4 Auto Liability Insurance. Comprehensive automobile liability insurance having a combined single limit of not less than \$2,000,000 per occurrence insuring Tenant against liability for claims arising out of ownership, maintenance or use of any owned, hired or non-owned automobiles.

10.1.5 Workers Compensation; Employer's Liability. Worker's Compensation and Employers' liability insurance to the extent required by the laws of the State where the Premises are located.

It is expressly understood and agreed that the foregoing minimum limits of insurance coverage shall not limit the liability of Tenant under this Lease. All of the foregoing insurance policies (other than Worker's Compensation and Employer's Liability) shall name Landlord and such other parties as Landlord shall designate from time to time by prior written notice to Tenant, as additional insureds as their respective interests may appear. To the extent that Landlord has any interest in the items insured pursuant to Section 10.1.2 above, Landlord shall be named the "loss payee" under such policy(ies) with respect to all such items. All insurance required of Tenant hereunder shall be placed with companies which are rated A:VII or better by Best's Insurance Guide (or such other comparable publication if Best's is no longer published) and which are licensed to do business in the State where the Premises are located. All such policies shall have commercially reasonable deductibles. Tenant shall deliver certificates evidencing that the required insurance coverages and endorsements are in full force and effect to Landlord prior to the Commencement Date, or, in the case of renewals thereto, prior to the expiration of the policy term, together with evidence that such policies are fully paid for. Tenant shall endeavor to cause its insurers to agree that no cancellation, material change or non-renewal thereof shall be effective except upon at least thirty (30) days' prior written notice by the insurer to Landlord. Tenant also agrees that all of its insurance policies shall be written as or endorsed to be primary and not contributory to any insurance that may be carried by any Landlord Party, all of which shall be excess insurance and for the sole benefit of Landlord and the other Landlord Parties, and shall contain a cross-liability endorsement or severability of interest clause reasonably acceptable to Landlord. If Tenant should fail to comply with the foregoing requirements, and such failure is not cured within five (5) business days after written notice to Tenant, then it shall be deemed a default by Tenant hereunder without need for further notice or cure periods, and in addition to Landlord's other rights and remedies under Applicable Laws and this Lease, Landlord may obtain such insurance at Tenant's cost, and Tenant shall thereafter reimburse Landlord, as Additional Rent hereunder, within five (5) business days after receipt of written demand therefor, for Landlord's costs incurred in connection therewith plus an administrative charge equal to five percent (5%) of such costs. Landlord shall have the right, in its sole reasonable



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discretion, to (a) increase the minimum coverage amounts for Tenant's insurance set forth above, but not until the 3<sup>rd</sup> year of the Term and thereafter no more than once during any three (3) year period of the Term for any particular type of insurance/coverage, and (b) require that Tenant procure and maintain during the Term such additional forms/coverages of insurance as Landlord may reasonably request with respect to the Premises and Tenant's operations therein; provided that such additional coverages/insurance is consistent with that required by comparable tenants at comparable projects.

Notwithstanding the foregoing, the Original Tenant and any Permitted Transferee (but not any other Tenant) may elect to self-insure, through a formal plan of self-insurance or otherwise, all or any part of the insurance required to be carried by Tenant under this Lease, subject to the terms and conditions set forth below in this paragraph. During any period that Tenant wishes to self-insure any risk which Tenant is required to insure hereunder, Tenant shall deliver to Landlord, upon the commencement of such period of self-insurance and thereafter as reasonably requested by Landlord, detailed information regarding such self-insurance and the Tenant's financial wherewithal (via reserves, allocation of funds, or otherwise) to meet its obligations under this Lease through self-insurance, along with a certificate executed by an officer or authorized representative of Tenant certifying that Tenant's self-insurance complies with all the requirements of this Section 10.1 (including the requirements of this paragraph). Any such election to self-insure against risks that would otherwise be covered by the insurance policies required under this Lease shall not result in decreased coverage than from what would have been provided had all such risks been underwritten by an insurance carrier, including, but not limited to, coverage for defense costs and coverage provided to Landlord and any other parties which are to be named as "additional insureds". By making an election to self-insure, Tenant shall be deemed to have waived any claim it may have against Landlord as the result of loss of or damage to its property, howsoever caused, including, but not limited to, that caused by Landlord's negligence or gross negligence to the same extent as would have applied under Section 10.3 had Tenant carried the applicable policy. Additionally, if Tenant elects to self-insure against any risk, then Tenant's indemnity obligations to Landlord under Section 10.4 shall be deemed to include an indemnity from Tenant for the benefit of Landlord and the other Landlord Parties against any and all Claims relating to such self-insured risk to the fullest extent that Landlord and/or such Landlord Parties could have been insured under the insurance policies otherwise required of Tenant herein. Tenant hereby agrees that it shall pay to Landlord, as Additional Rent and within thirty (30) days after receipt of written notice from Landlord (which shall include copies of all applicable cost verification documents), for any additional costs or fees actually incurred by Landlord in connection with any Mortgages (defined below) to the extent resulting due to Tenant's election to self-insure.

**10.2 Landlord's Insurance.** Landlord shall maintain in full force and effect during the Term "All Risk"/"Special Form" fire and extended coverage property insurance, insuring the Buildings and, at Landlord's election, such other improvements, equipment and personal property within the Premises which are Landlord's property now, or which will become Landlord's property upon the expiration or earlier termination of this Lease, in an amount not less than the full replacement value thereof. Such coverage shall be in such form(s) and insure against such covered perils as Landlord and/or any lender of Landlord deems appropriate in its/their sole reasonable discretion, including without limitation, debris removal, inflation protection, rental loss/interruption coverage, and pollution legal liability. Landlord also may, but shall not be required to, carry a policy of general liability insurance to insure against claims for personal injury or death and property damage occurring upon, in or about the Premises, Buildings, or Project (including Building Common Areas). All of Landlord's insurance may be carried under blanket policies. All proceeds of any such insurance shall belong to and be the sole property of Landlord, and Tenant shall have no interest therein whatsoever. All premiums, deductibles and other reasonable costs incurred by Landlord in connection with procuring, maintaining, and (as needed) making claims under Landlord's insurance, including without limitation any increase in premiums, any deductibles incurred, and/or any claim prosecution costs resulting from Tenant's conduct or use of the Premises shall be payable by Tenant as part of Operating Expenses. Tenant shall not do anything on or about the Premises, Buildings, or Project that may cause a cancellation of Landlord's insurance or materially increase Landlord's premiums therefor. If Landlord is able to demonstrate that its premiums for such insurance increased due to the acts of any Tenant Party, Tenant shall be responsible for such increase attributable to such acts, and shall reimburse Landlord therefor as Additional Rent.

**10.3 Waiver of Subrogation.** Notwithstanding anything to the contrary contained in this Lease, Landlord and Tenant each hereby waives on behalf of itself and its insurers any and all rights of recovery, claim, action, or cause of action, against the other, its agents, officers, or employees, for any loss or damage that may occur to the Premises, Building, Project, any improvements thereto, and/or any personal property of such party therein, by reason of fire, the



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elements, or any other causes which are required to be insured against under the terms of the insurance policies required to be carried under this Lease, regardless of whether such insurance is actually maintained. Landlord and Tenant shall cause each of their respective property insurance policies hereunder to contain, or be endorsed with, a provision by which the insurer shall waive its right of subrogation against the other party hereto in accordance with the provisions of this Section 10.3.

10.4 Tenant's Indemnity. Tenant agrees to indemnify, defend and hold harmless all of the Landlord Parties from and against any and all Claims to the extent incurred in connection with or arising from (i) any occurrence taking place in, on, or about the Premises, including without limitation Claims relating to personal injury and/or property damage, (ii) any acts, omissions or negligence of Tenant or any other Tenant Party (acting within the scope of their relationship with Tenant) in, on or about the Premises, Buildings, or Project, or in any way related to this Lease, and (iii) Tenant's failure to perform its obligations under this Lease (beyond any applicable notice and cure periods); provided, however, that the terms of the foregoing indemnity shall not apply to the negligence or willful misconduct of Landlord or any other Landlord Party. The provisions of this paragraph will survive the expiration of the Term or any earlier termination of this Lease.

10.5 Landlord's Indemnity. Except to the extent due to the negligence or willful misconduct of Tenant or any Tenant Party, Landlord agrees to protect, defend, indemnify, and hold Tenant harmless from and against any and all Claims to the extent arising as a result of (i) the willful misconduct or the negligent acts or omissions of Landlord or any Landlord Party, and/or (ii) Landlord's breach of the Sublease beyond all applicable notice and cure periods where such breach is not caused by Tenant's violation of this Lease or Tenant's failure to perform its obligations under this Lease. The provisions of this paragraph will survive the expiration of the Term or any earlier termination of this Lease.

10.6 Waiver. Tenant hereby agrees that Landlord shall not be liable for injury to Tenant's Business or any loss of income therefrom or for damage to the goods, wares, merchandise or other property of Tenant, any other Tenant Party, Tenant's invitees or customers, or any other person in or about the Premises, nor shall Landlord be liable for injury to the person of Tenant or any other any other Tenant Party, whether such damage or injury is caused by or results from fire, steam, electricity, gas, water or rain, or from the breakage, leakage, obstruction or other defects of pipes, sprinklers, wires, appliances, plumbing, air conditioning, or lighting fixtures, or from any other cause, whether said damage or injury results from conditions arising upon the Premises or upon other portions of the Project, or from other sources or places, except to the extent resulting from Landlord's gross negligence or willful misconduct, and further Landlord shall not be liable for any damages arising from any act or neglect of any other tenant, occupant or user of the Project, nor from the failure of Landlord to enforce the provisions of any other lease of the Project; provided the foregoing shall not limit Tenant's rights with respect to a Landlord Failure as provided in Section 4 above. Notwithstanding Landlord's negligence or breach of this Lease, Landlord shall under no circumstances be liable to Tenant for any consequential or punitive damages or for injury to Tenant's Business or for any loss of income or profit therefrom and Tenant waives any and all claims for any such damages. Notwithstanding Tenant's negligence or breach of this Lease, Tenant shall under no circumstances be liable to Landlord for any consequential or punitive damages or for injury to Landlord's business or for any loss of income or profit therefrom and Landlord waives any and all claims for any such damages, excluding consequential damages to the extent incurred by Landlord due to (i) a holdover by Tenant beyond the expiration of the Term or earlier termination of this Lease (subject to the terms of Section 2.4), and/or (ii) Tenant's default under this Lease (beyond notice and cure periods) with respect to a violation of CC&R's, the Sublease, or the Ground Lease.

## 11. Damage and Destruction.

11.1 Termination. If the Premises are damaged by a fire or other casualty, Tenant shall give Landlord prompt notice thereof, and within thirty (30) days after the date Landlord has actual knowledge of such damage or destruction, Landlord shall notify Tenant of the reasonably estimated time required to completely restore the Premises, and if Landlord has elected to terminate this Lease in accordance with the provisions set forth in this Section 11. Landlord may elect to terminate this Lease due to a fire or other casualty if: (i) in Landlord's reasonable estimation, the repair and restoration of the Premises is not capable of being completed within one-hundred eighty (180) days after the date of the fire or other casualty for any reason whatsoever, (ii) the damage was not fully covered by the insurance maintained by Landlord (excluding Landlord's costs for any deductible, co-insurance, and/or self-insured retention), or (iii) the Buildings or Project is damaged to the extent that the cost of repair is twenty five percent (25%)



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or more of the then replacement cost thereof and Landlord's lender requires that the insurance proceeds be used to retire the debt. Subject to Section 11.3 below, if Landlord's estimate is that the repair and restoration of the Premises is not capable of being completed within one-hundred eighty (180) days after the date of the fire or other casualty, then Tenant may elect to terminate the Lease with written notice to Landlord given within twenty (20) business days after Tenant's receipt of Landlord's estimate described above, time being of the essence. Additionally, if at any time during the last twelve (12) months of the Term there is a fire or other casualty that cannot be repaired (in Landlord's reasonable estimate) within sixty (60) days of the date of the damage, then either party may at terminate this Lease with written notice to the other party. No termination of this Lease hereunder shall affect Tenant's rights under the Metro Parking Agreement.

11.2 Restoration and Abatement. If neither Landlord or Tenant elect to terminate this Lease, then, subject to Landlord's receipt of sufficient insurance proceeds and receipt of all necessary approvals required by any Applicable Laws, Landlord shall diligently and with commercially reasonable promptness repair the Premises to the condition existing as of the Commencement Date. Landlord shall not be required to repair or replace any damage or loss to any Alterations, or any decorations, partitions, additions, improvements (including those constructed and installed as part of the Tenant Improvement Work), railings, floor coverings, office fixtures, furnishings, equipment or any other property or improvements installed on the Premises by, or belonging to, Tenant. Any insurance which may be carried by Landlord or Tenant against loss or damage to the Buildings or Premises shall be for the sole benefit of the party carrying such insurance and under its sole control. Subject to Section 11.3 below, if any portion of the Premises is rendered untenantable due to a casualty, then Tenant shall be entitled to an abatement of Rent in the same proportion as the rentable square footage of the Premises which is untenantable bears to the total rentable square footage of the Premises from the date of the casualty until Landlord's and Tenant's repairs have been substantially completed, to the extent that Tenant is actually prevented from using or occupying that portion of the Premises. Notwithstanding the foregoing, with respect to the Original Tenant and any Permitted Transferee only (but no other Tenant), Landlord hereby agrees to engage a third-party contractor to perform any Premises restoration work that is Tenant's responsibility above; provided (i) Tenant shall pay to Landlord, as Additional Rent and within thirty (30) days after completion of such restoration work, an administrative fee equal to fifteen percent (15%) of the costs of such work, and (ii) Landlord shall not be required to incur any costs with respect to such restoration work and thus its agreement set forth above is subject to Landlord's receipt of sufficient funds from Tenant (whether via proceeds from Tenant's insurance, Tenant's self-insurance, or otherwise) to pay for all of the restoration costs.

11.3 Damage Caused by Tenant. Tenant's abatement rights under this Section 11 shall not apply to the extent that the damage is the result of any grossly negligent act or omission, recklessness, or willful misconduct of Tenant or any other Tenant Parties (collectively, "Tenant Acts").

11.4 Statutory Waiver. The provisions of this Lease, including this Section 11, constitute an express agreement between Landlord and Tenant with respect to any casualty which damages all or any part of the Premises, the Buildings or any other portion of the Project, and no statute or regulation, including Sections 1932(2) and 1933(4) of the California Civil Code and any other statute or regulation, now or hereafter in effect, which purports to set forth the parties' rights and/or obligations with respect to casualty damage or destruction in the absence of an express agreement, shall have no application to this Lease.

12. Condemnation. If the Premises, Buildings, Project or any portion thereof are taken under the power of eminent domain, or sold under the threat of the exercise of said power (all of which are herein called "condemnation"), this Lease shall terminate as to the part so taken as of the date the condemning authority takes title or possession, whichever first occurs. If more than five percent (5%) of the rentable square footage of the Premises is taken by condemnation, and/or if the Metro Parking Spaces are taken (unless reasonably alternate parking comparable to the Metro Parking Spaces acceptable to Tenant is provided by Landlord) Tenant may, at Tenant's option, to be exercised in writing within thirty (30) days after Landlord shall have given Tenant written notice of such taking, time being of the essence, terminate this Lease as of the date the condemning authority takes such possession. If Tenant does not terminate this Lease in accordance with the foregoing, this Lease shall remain in full force and effect, except that if a portion of the Premises is taken, then effective as of the date of the taking, the Rent shall be reduced in the proportion that the rentable square footage of the Premises taken bears to the total rentable square footage of the Premises, and the Tenant's Share shall be adjusted as needed. Any condemnation award shall be the sole property of Landlord, whether such award shall be made as compensation for diminution in value of the leasehold or for the taking of the fee, or as severance damages; provided, however, that (i) Tenant shall be entitled to any award for loss of or damage



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to Tenant's trade fixtures and removable personal property and for moving expenses; and (ii) in the case of any taking of the Parking Structure which results in the taking of the Metro Parking Spaces, any condemnation award for the taking of the Metro Parking Spaces shall be the sole property of Tenant whether such award shall be made as compensation for diminution in value of the leasehold or for the taking of the Metro Parking Agreement, or as severance damages. In the event that this Lease is not terminated by reason of such condemnation, Landlord shall to the extent of net severance damages received by Landlord in connection with such condemnation, over and above the legal and other expenses incurred by Landlord in the condemnation matter, repair any damage to the Premises caused by such condemnation except to the extent that Tenant has been reimbursed therefor by the condemning authority. Tenant hereby waives any and all rights it might otherwise have pursuant to Section 1265.130 of The California Code of Civil Procedure.

13. Taxes. Subject to reimbursement as part of Operating Expenses to the extent permitted by Section 3.2, Landlord shall be responsible for and pay before delinquency any and all Real Property Taxes of any kind levied against the Premises, Buildings, Project, and/or Landlord's interest therein. Nothing contained herein shall prevent Landlord from challenging any Real Property Taxes pursuant to any Applicable Laws. Tenant shall pay before delinquency all taxes, assessments, license fees, and other charges that are levied and assessed against Tenant's trade fixtures, furnishings, equipment, the tenant improvements in the Premises owned by Tenant, and all other personal property of Tenant contained in the Premises or elsewhere. The parties hereby agree that during the Term the Tenant shall own the tenant improvements constructed and installed as part of the Tenant Improvement Work, and Tenant shall use commercially reasonable efforts to have such tenant improvements assessed separately from the Building and Premises. When possible, Tenant shall cause such personal property items to be assessed and billed separately from the real property of Landlord, and if any such are assessed with Landlord's real property, Tenant shall pay to Landlord the amounts attributable thereto within thirty (30) days after receipt of a written statement setting forth the taxes applicable to such property.

14. Assignment and Subletting.

14.1 Landlord's Consent. Except as provided in Section 14.6 below, Tenant shall not assign, sublet, or otherwise transfer (each a "Transfer"), whether voluntarily or by operation of law, its interests under this Lease, nor shall Tenant allow any third party to use or occupy all or any portion of the Premises, without Landlord's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed. All Transfers must be done in accordance with this Section 14, and shall be subject to all the terms and conditions of this Lease. The consent by Landlord to one Transfer shall not be deemed to be consent to any subsequent Transfer. If Landlord consents to a proposed Transfer, then Tenant may enter into such transaction, on the terms approved by Landlord, within sixty (60) days after the date of Landlord's consent, and failing to consummate such transactions within such period shall require that Tenant re-apply for Landlord's consent. If Landlord consents to a Transfer, then Tenant shall deliver to Landlord, promptly after execution, an executed copy of all documentation pertaining to the Transfer. Notwithstanding the granting of Landlord's consent no Transfer shall release or alter Tenant's primary liability to pay Rent and perform all of its other obligations hereunder, nor otherwise affect or reduce any obligations of Tenant or any rights of Landlord hereunder, and all obligations of Tenant hereunder shall continue in full effect, as the obligations of a principal and not of a guarantor or surety, to the same extent as though no Transfer has been made. The acceptance of rental by Landlord from any transferee or person other than Tenant shall not be a waiver by Landlord of any provision hereof. If any transferee defaults in the performance of any of the terms hereof, Landlord may proceed directly against Tenant without proceeding against or exhausting its remedies against such transferee.

14.2 Transfer Information. If Tenant desires to enter into any Transfer for which Landlord's consent is required it shall notify Landlord in writing at least thirty (30) days prior to the proposed effective date of the Transfer. Such notice shall be accompanied by: (i) a statement setting forth the name and business of the proposed transferee; (ii) a copy of all proposed documents and agreements with respect to such Transfer, including without limitation all documents which evidence whether there is any Excess Rent (defined below); (iii) financial statements certified by an independent certified public accountant (if such certification exists) and other financial information reasonably requested by Landlord relating to the proposed transferee; (iv) any other information concerning the proposed Transfer which Landlord may reasonably request; and (v) a non-refundable administrative fee in the amount of \$500 to help off-set Landlord's expected costs and expenses with respect to considering whether to consent to such Transfer. In the event Tenant requests Landlord's consent to a Transfer, then in addition to the administrative fee set forth above, and regardless of whether such proposed Transfer is consummated or whether Landlord grants or withholds its consent



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thereto, Tenant shall also pay to Landlord, as Additional Rent, within thirty (30) days after receipt of written demand therefor, all reasonable attorneys' fees incurred by Landlord in connection with such Transfer.

14.3 Excess Rent. In connection with any Transfer (other than a Permitted Transfer), fifty percent (50%) of any consideration (whether in the form of rental or otherwise) paid to Tenant which is in excess of the Rent payable hereunder (prorated to reflect any partial sublease), after deduction of Tenant's actual and reasonable documented out of pocket costs (including but not limited to brokerage commissions and tenant improvement costs) incurred in connection with a Transfer (collectively, "Excess Rent"), shall be paid to Landlord as Additional Rent within thirty (30) days after receipt thereof by Tenant, and Landlord shall have the right to audit Tenant's books and records with respect to any such Transfer to verify that Tenant has fully complied with its obligations under this paragraph with respect to Excess Rent.

14.4 Change in Control. Subject to Section 14.6 below, the term "Transfer" shall include any change in control of Tenant, including without limitation (i) if Tenant is a partnership, the withdrawal or change, voluntary, involuntary or by operation of law, of fifty percent (50%) or more of the partners, or transfer of 50% or more of partnership interests, within a twelve (12) month period, or the dissolution of the partnership without immediate reconstitution thereof, and (ii) if Tenant is a closely held corporation (i.e., whose stock is not publicly held and not traded through an exchange or over the counter), or a limited liability company (a) the dissolution, merger, consolidation or other reorganization of Tenant, (b) the sale or other transfer of more than an aggregate of fifty percent (50%) of the voting shares, or membership interests, as applicable, of Tenant (other than to immediate family members by reason of gift or death), within a twelve (12) month period, or (c) the sale, mortgage, hypothecation or pledge of more than an aggregate of fifty percent (50%) of the value of the unencumbered assets of Tenant within a twelve (12) month period whether by operation of law or other disposition, or issued by subscription or allotment, or cancelled or redeemed, so as to result, in any of the foregoing circumstances described above in this subclause (ii) in a change in the effective voting or other control of Tenant.

14.5 Additional Terms. Any Transfer other than a Permitted Transfer, regardless of whether Landlord has consented thereto, shall automatically and completely extinguish and render void any options or other rights which the original Tenant named above ("Original Tenant") may have been granted under this Lease, if any, including without limitation any rights of first refusal or first offer, any options to extend the Term, to expand the Premises, or to an early termination of this Lease, unless expressly agreed to otherwise by Landlord in writing. Tenant hereby assigns to Landlord, as additional security for the performance of Tenant's obligations under this Lease, all rentals and amounts payable to Tenant in connection with any Transfer; provided Tenant shall have the right to collect all such sums unless and until Tenant is in default under this Lease, at which time, with written notice to Tenant and the transferee, such sums shall be payable directly to Landlord by such transferee. No Transfer shall permit a use of the Premises other than the conduct of Tenant's Business unless expressly agreed to by Landlord in writing, and no Alterations for which Landlord's consent is required under Section 9 above shall be made without first obtaining Landlord's prior written consent thereto in accordance with the terms and conditions of this Lease. Tenant shall deliver to Landlord copies of all licenses and permits which may be issued with respect to a transferee's use of the Premises. Without limiting any of the foregoing, no proposed Transfer may violate any CC&R's and it shall be reasonable for Landlord to withhold its consent if Landlord reasonably determines that a proposed Transfer would do so. Any termination of this Lease shall automatically and immediately terminate any sublease or other rights of a transferee, unless expressly agreed to otherwise by Landlord in writing.

14.6 Permitted Transfers. Notwithstanding anything to the contrary in this Lease, the Transfers set forth in this Section 14.6 ("Permitted Transfers") shall be permitted without Landlord's consent.

14.6.1 Tenant shall have the right to assign this Lease (or sublease all or a portion of the Premises) to (i) a successor governmental agency or entity that acquires all or substantially all of Tenant's asset, or (ii) an agency or entity controlling, controlled by or under common control with Tenant (each a "Permitted Transferee"), provided that (a) Tenant notifies Landlord of any such Permitted Transfer prior to such Permitted Transfer, unless Tenant is legally prohibited from such prior disclosure, in which case Tenant shall provide such notice as soon as possible, but in no event more than three (3) business days, after such Permitted Transfer, (b) Tenant promptly supplies Landlord with any documents or information reasonably requested by Landlord regarding such Permitted Transfer and the Permitted Transferee, which Landlord shall maintain in confidence to the extent such information is not otherwise available to the public, except for disclosures thereof as required by law, (c) such Transfer is not a subterfuge by



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Tenant to avoid its obligations under this Lease, and (d) the Permitted Transferee shall assume in writing all if Tenant's obligations under this Lease (in proportion to the amount of the Premises sublet, in the case of a sublease). "Control," as used in this Section 14.6, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of the controlled person or entity.

14.6.2 Tenant shall have the right to allow its licensees and partners to use all or portions of the Premises for the conduct of activities and programs that are compatible with Tenant's use of the Premises for Tenant's Business.

### 15. Events of Default; Remedies.

15.1 Tenant's Default. The occurrence of any of the following events on the part of the Tenant shall be a default by Tenant:

15.1.1 Failure to pay Rent when due and said Rent remains unpaid for five (5) business days after Tenant's receipt of written notice of such failure; or

15.1.2 Failure in the performance of any of Tenant's other covenants, agreements, or obligations hereunder, which failure continues for thirty (30) days after Tenant's receipt of written notice thereof from Landlord; provided if such cure reasonably takes longer than thirty (30) days to make, Tenant shall not be in default hereunder if Tenant has commenced such cure within the thirty (30) day period and at all times thereafter proceeds diligently to complete such cure to completion as soon as reasonably practicable; provided in all events such cure is completed within one-hundred fifty (150) days; or

15.1.3 (i) The making by Tenant of any general arrangement or general assignment for the benefit of creditors; (ii) Tenant becomes a "debtor" as defined in 11 U.S.C. § 101 or any successor statute thereto (unless, in the case of a petition filed against Tenant, the same is dismissed within ninety (90) days); (iii) the appointment of a trustee or receiver to take possession of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, where possession is not restored to Tenant within thirty (30) days; or (iv) the attachment, execution or other judicial seizure of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, where such seizure is not discharged within thirty (30) days, provided if any provision of this paragraph is contrary to any Applicable Law, such provision shall be of no force or effect; or

15.1.4 The discovery by Landlord that any financial statement given to Landlord by Tenant, any assignee of Tenant, any subtenant of Tenant, any successor in interest of Tenant or any guarantor of Tenant's obligations hereunder, and that was relied on by such parties, was materially false (provided this paragraph shall not apply to Original Tenant or any Permitted Transferee); or

15.1.5 The Tenant fails to deliver any estoppel, SNDA (defined below), or any notice, certificate, or other item required to be delivered to Landlord under Section 10.1, where such failure is not due to such documents being in a form other than the form required by this Lease, and such failure continues for more than ten (10) days after Tenant's receipt of written notice of such failure.

Any notice sent by Landlord pursuant to the foregoing shall, to the maximum extent permitted under applicable laws, be in lieu of, and not in addition to, any notice required under California Code of Civil Procedure Section 1161 or any similar or successor law.

15.2 Landlord's Remedies. So long as a Tenant default shall be continuing, Landlord shall have the remedies set forth below in this Section 15.2, and any other remedies available under Applicable Laws.

15.2.1 Landlord may terminate Tenant's right to possession of the Premises by any lawful means, in which case this Lease shall terminate and Tenant shall immediately surrender possession of the Premises to Landlord. In such event, Landlord shall be entitled to recover from Tenant (a) the worth at the time of award of any unpaid Rent which has been earned at the time of such termination; plus (b) the worth at the time of award of the amount by which the unpaid Rent which would have been earned after termination until the time of award exceeds



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the amount of such rental loss that Tenant proves could have been reasonably avoided; plus (c) 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 award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; plus (d) any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's default or which in the ordinary course of things would be likely to result therefrom, specifically including but not limited to, brokerage commissions and advertising expenses incurred, expenses of remodeling the Premises or any portion thereof for a new tenant, whether for the same or a different use, and any special concessions made to obtain a new tenant and such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by Applicable Laws. As used in subclauses (a) and (b), above, the "worth at the time of award" shall be computed by allowing interest at the Default Rate, and as used in subclause (c) above, the "worth at the time of award" shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

15.2.2 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). Accordingly, if Landlord does not elect to terminate this Lease on account of any default by Tenant, Landlord may, from time to time, without terminating this Lease, enforce all of its rights and remedies under this Lease, including the right to recover all Rent as it becomes due.

15.2.3 Landlord may, but shall not be obligated to, cure such default on Tenant's behalf (and may enter the Premises for such purposes). Any such actions undertaken by Landlord pursuant to this paragraph shall not be deemed a waiver of Landlord's rights and remedies as a result of Tenant's default and shall not release Tenant from any of its obligations under this Lease.

15.2.4 Landlord may pursue any other legal remedy now or hereafter available to Landlord under Applicable Laws or otherwise.

15.3 Waivers. No waiver by Landlord or Tenant of any violation or breach by the other of any of the terms, provisions and covenants herein contained shall be deemed or construed to constitute a waiver of any other or later violation or breach by such party of the same or any other of the terms, provisions, and covenants herein contained. Forbearance by Landlord in enforcement of one or more of the remedies herein provided upon a default by Tenant shall not be deemed or construed to constitute a waiver of such default. Landlord's failure to bill Tenant for any sums due hereunder shall not waive Landlord's right to bill Tenant for the same at a later time, except as expressly provided in this Lease to the contrary. The acceptance of any Rent hereunder by Landlord following the occurrence of any default, whether or not known to Landlord, shall not be deemed a waiver of any such default, except only a default in the payment of the Rent so accepted, and no endorsement or statement on any check or accompanying any check or payment shall be deemed an accord and satisfaction.

15.4 Recovery of Costs. Without limiting Landlord's remedies under this Lease, Applicable Laws, or otherwise, Tenant shall pay to Landlord, within thirty (30) days after receipt of written demand therefor: (i) all reasonable costs and expenses incurred by Landlord in connection with Landlord's cure of any Tenant default; and (ii) all reasonable legal fees incurred by Landlord in connection with such cure of Tenant's default. Tenant's obligations under this Section 15.4 shall survive the expiration or sooner termination of this Lease.

15.5 Landlord's Default. Landlord shall not be in default unless Landlord fails to perform obligations required of Landlord within a reasonable time, but in no event later than thirty (30) days after written notice by Tenant to Landlord and to the holder of any first mortgage or deed of trust encumbering the Premises whose name and address shall have theretofore been furnished to Tenant in writing, specifying wherein Landlord has failed to perform such obligation; provided, however, that if the nature of Landlord's obligation is such that more than thirty (30) days are required for performance then Landlord shall not be in default if Landlord commences performance within such thirty (30) day period and thereafter diligently prosecutes the same to completion.

## 16. Environmental Obligations and Responsibility.

16.1 Definition. For purposes of this Lease, the term "Hazardous Substances" shall mean (a) substances designated as hazardous under the Resource Conservation and Recovery Act, 42 U.S.C. §6901, et seq., the Federal Water Pollution Control Act, 33 U.S.C. §1257, et seq., the Clean Air Act, 42 U.S.C. §2001, et seq., or the



## ATTACHMENT B

Comprehensive Environmental Response Compensation and Liability Act of 1980, 42 U.S.C. §9601, et seq., or any other Federal or State law or regulation now or in the future applicable to the Premises, Building or Project, (b) any substance which after release into the environment and upon exposure, ingestion, inhalation or assimilation, either directly from the environment or directly by ingestion through food chains, will or may reasonably be anticipated to cause death, disease, behavior abnormalities, cancer and/or genetic abnormalities, and (c) oil and petroleum based derivatives.

16.2 Current Condition. Tenant hereby agrees that, except as expressly provided in this Lease, Landlord has not made and is not making any representations or warranties of any kind or nature, whether expressed or implied, with respect to the environmental condition of the Premises, Buildings, Project or any adjacent property, or with respect to the Hazardous Substances used therein (whether past or present). Tenant acknowledges that it has been given an opportunity to fully inspect the Premises, Buildings, and Project, including the environmental condition and history thereof, and that Tenant has sought legal advice and otherwise performed such inspections and due diligence as Tenant deemed appropriate with respect thereto prior to Tenant's execution of this Lease, and Tenant hereby waives its rights to, and releases all Landlord Parties from any disclosure obligations or requirements which may be imposed upon Landlord or any other Landlord Party by any Applicable Law with respect thereto.

16.3 Tenant's Obligations. Without limiting Tenant's other obligations under this Lease to comply with all Applicable Laws, Tenant agrees that it shall not use the Premises in violation of any Applicable Law relating to the Hazardous Substances including, but not limited to, soil and groundwater conditions, the generation, use, storage, or disposal of, on, under or about the Premises or transportation to or from the Premises, of any Hazardous Substances. Further, Tenant agrees that it shall not be allowed to use, generate, dispose of, store, handle, or otherwise bring upon the Premises any Hazardous Substances of any kind (excluding only limited quantities of cleaning and office supplies used in the ordinary course of Tenant's Business), without Landlord's expressed prior written consent, which may be given or withheld in Landlord's sole discretion. Tenant shall permit Landlord and the other Landlord Parties to access the Premises from time to time, subject to the terms of Section 8 above, to inspect the Premises and Tenant's operations to ensure that Tenant is complying with the terms and conditions of this Lease with respect to Hazardous Substances.

16.4 Indemnity. In addition to any indemnity set forth elsewhere in this Lease, and without limiting the same, Tenant shall indemnify, defend, and hold Landlord and the other Landlord Parties harmless from and against any and all Claims arising out of or in connection with any Hazardous Substances brought upon the Premises, Building or Project by or at the direction of any Tenant Party, and/or Tenant's failure to comply with the requirements of this Section 16. Without limiting the definition thereof, for the purposes of this paragraph, the term "Claims" shall include, without limitation, the cost of any required or necessary reports, repairs, cleanup, detoxification, mitigation and monitoring, any liability to governmental or quasi-governmental agencies and the owners and occupants of any neighboring properties, all fines, fees and penalties which may be imposed, any liabilities under a Mortgage (defined below) or CC&R's, and any diminution in the value of the Premises, Building or Project to the extent resulting from the foregoing. Tenant's obligations under this paragraph shall survive the expiration of the Term or earlier termination of the Lease.

### 17. Subordination; Estoppel Certificates; Financial Statements.

17.1 Subordination. This Lease is subject and subordinate to the Ground Lease and Sublease. Additionally, this Lease, at Landlord's option, shall be subordinate to any ground lease, mortgage, deed of trust or any other hypothecation for security now or hereafter placed upon the Premises, Building or Project ("Mortgages") and to any and all advances made on the security thereof and to all renewal, modifications, and extensions thereof. The foregoing shall be self-operative, provided Tenant covenants and agrees that upon written request of Landlord, Tenant will make, execute, acknowledge and deliver, within thirty (30) days after receipt of written request, any and all instruments requested by Landlord which are necessary or proper to effect the subordination of this Lease to any Mortgage or other encumbrances unless the holders of any such Mortgages (the "Mortgagees") require in writing that this Lease be superior thereto. Landlord hereby agrees to obtain, for Tenant's benefit, subordination, non-disturbance and attornment agreements or such similar instruments as may be appropriate under the circumstances (each, an "SNDA") with respect to the Ground Lease, Sublease, and any Mortgage with a non-public agency lender that is superior to this Lease (at Landlord's cost and expense), and agrees to use commercially reasonable efforts to obtain an SNDA for the benefit of Tenant with respect to any Mortgage that is entered into after the Effective Date of this Lease. No such SNDA may materially increase Tenant's obligations or materially decrease Tenant's rights under this



## ATTACHMENT B

Lease. Tenant covenants and agrees in the event any proceedings are brought for the foreclosure of any such Mortgage (or termination with respect to any ground or underlying lease, including the Ground Lease or Sublease) is terminated, to attorn, without any deductions or set-offs whatsoever, to the purchaser upon any such foreclosure sale, or to the lessor of such ground or underlying lease, as the case may be, if so requested to do so by such purchaser or lessor and/or if required to do so pursuant to any SNDA or other instrument executed by Tenant pursuant to this paragraph, and to thereafter recognize such purchaser or lessor as the landlord under this Lease; provided that the terms of any executed SNDAs shall govern in the event of a conflict with the foregoing.

17.2 Estoppel Certificates. At any time and from time to time, Landlord may prepare for Tenant's execution an estoppel certificate or similar statement in which Tenant certifies that this Lease is unmodified and in full force and effect (or if there have been modifications that the same is in full force and effect as modified and stating the modifications), the dates to which Base Rent, Additional Rent, and other charges have been paid, and such other items as may be reasonably requested by Landlord. Tenant agrees to execute, acknowledge and deliver to Landlord such certificate within thirty (30) days of Tenant's receipt of Landlord's written request. Tenant agrees that such certificate may be relied upon by any Mortgagee or prospective purchaser. Tenant's failure to execute, acknowledge and deliver such certificate to Landlord within the period set forth above shall be deemed to be Tenant's agreement that all of the facts and other information set forth in such certificate are true and correct.

18. Landlord's and Tenant's Liability. The term "Landlord" as used herein shall mean only the owner or owners, at the time in question, of the lessee's interest in the Sublease. In the event of any transfer of such title or interest, the Landlord herein named (and in case of any subsequent transfers then the grantor) shall be relieved from and after the date of such transfer of all liability with respect to the Landlord's obligations thereafter to be performed, to the extent assumed in writing by such successor, provided that any funds in the hands of Landlord or the then grantor at the time of such transfer, in which Tenant has an interest, shall be delivered to the grantee. The obligations contained in this Lease to be performed by Landlord shall, subject as aforesaid, be binding on Landlord's successors and assigns, only during their respective periods of ownership; provided that the "Landlord" hereunder shall not be released of any liability unless such liability has been assumed in writing by a successor. Notwithstanding anything to the contrary contained in this Lease, the liability of Landlord (and of any successor landlord) shall be limited to the interest of Landlord in the Commercial Project, and Tenant shall look solely to Landlord's interest in the Commercial Project for the recovery of any judgment or award against Landlord. Landlord shall not be personally liable for any judgment or deficiency, and any liability of Landlord shall be subject to the limitations set forth in Section 10.6 of this Lease.

19. Liens. Tenant shall pay, when due, all claims for labor or materials furnished or alleged to have been furnished to or for Tenant at or for use in the Premises, and will not permit any liens to be imposed on the Premises for any work done to the Premises by Tenant or anyone performing work on behalf of Tenant, including without limitation any Alterations. If Tenant receives written notice that a lien has been or is about to be filed against the Premises, Buildings, or Project, or Landlord's interest therein, or any action affecting title to the foregoing has been commenced on account of work done by or for or materials furnished to or for Tenant, it will immediately give Landlord written notice of such notice and will proceed with diligence and within twenty (20) business days cause such lien to be bonded or discharged. Nothing contained in this Lease will be deemed the consent or agreement of Landlord to subject Landlord's interest in the Premises, Buildings, or Project to liability under any mechanics' or other lien law. Tenant shall give Landlord at least ten (10) business days prior written notice of the commencement of Alterations as required by Section 9 above, and Landlord shall have the right to post notices of non-responsibility in or on the Premises, Buildings and/or Project as provided by law.

20. Brokers. The parties to this Lease warrant to each other that neither party dealt with any brokers or finders in connection with the consummation of this Lease, except that Landlord is represented by Primestor Development, LLC (the "Broker"). A real estate commission shall be paid by Landlord to its Broker per a separate commission agreement. Each party shall protect, defend, indemnify and hold the other party harmless from and against any and all claims or liabilities for brokerage commissions or finder's fees arising out of that party's acts in connection with this Lease to anyone, including but not limited to the Broker.

21. Parking Garage; Metro Parking Agreement. Tenant acknowledges and agrees that Landlord is not granting Tenant any parking rights pursuant to this Lease, and instead Tenant's rights with respect to the Parking Garage and parking at the Project shall be limited to those rights granted to Tenant pursuant to the Metro Parking Agreement. Tenant's use of the Parking Garage shall be subject to the terms and conditions of the Metro Parking Agreement and



## ATTACHMENT B

any CC&R's which impact the Parking Garage. Except as may be expressly set forth otherwise in the Metro Parking Agreement, Landlord specifically reserves, for itself and Master Developer, the right to change the size, configuration, design, layout, location and all other aspects of the Parking Garage and Tenant acknowledges and agrees that, except as may be expressly set forth otherwise in the Metro Parking Agreement, Landlord and Master Developer may, without incurring any liability to Tenant and without any abatement of Rent under this Lease, from time to time, temporarily close-off or restrict access to the Parking Garage, or relocate the Metro Parking Spaces to other locations in the Parking Garage. The Tenant hereby acknowledges that Landlord and/or Master Developer, as applicable, may delegate operation and management of the Parking Garage to a parking operator in which case such parking operator shall have all the rights of control attributed hereby to the Landlord and/or Master Developer under this Lease, and the costs associated with such operator shall be part of Operating Expenses unless paid directly by Tenant under the Metro Parking Agreement.

22. Metro Funds. The parties hereby agree that the Metro Funds shall be disbursed to Tenant in accordance with the terms and conditions set forth on Exhibit K.

23. Signage. Tenant shall not be permitted to place signage or other advertisements on the exterior of the Premises, Buildings, or Project, without first obtaining the prior written consent of Landlord, which shall not be unreasonably withheld. Notwithstanding the foregoing, Landlord agrees, as part of the Tenant Improvement Work, and at Tenant's sole cost, to install Tenant signage on the exterior of the Building in which the Premises is located at the location on the exterior of the Premises as shown on Schedule 2 to the Tenant Improvement Work Letter. Furthermore, notwithstanding anything to the contrary herein, Tenant shall at all times have the exclusive right to exterior signage on the exterior of the Premises facing the Transit Plaza unless Tenant consents to the placement of another sign on the exterior of the Premises facing the Transit Plaza; provided the parties hereby agree that the foregoing applies solely to the exterior of the Premises, and not any other portion of the Building facing the Transit Plaza. Tenant shall be responsible, at its sole cost and expense, for maintaining, operating, repairing, and restoring Tenant's signage in good order condition and repair, and in accordance with all Applicable Laws and any approvals which may be required thereunder, and with Landlord's reasonable Rules and Regulations and directives (including any signage program which Landlord may institute from time to time). Upon the expiration or earlier termination of this Lease, Tenant shall at its sole cost and expense remove all of Tenant's signage, and repair any and all damage caused by such removal so that the impacted portion(s) are placed back in the condition which existed prior to installation. Tenant shall be solely responsible for, and shall pay for all utilities and services related to Tenant's signage.

24. Modification of Lease. Should any current or prospective Mortgagee require a modification or modifications of this Lease, which modification or modifications will not cause an increased cost or expense to Tenant or in any other way materially and adversely change the rights and obligations of Tenant hereunder, then and in such event, Tenant agrees that this Lease may be so modified and agrees to execute whatever commercially reasonable documents are required therefor and deliver the same to Landlord within ten (10) business days following the request therefor. Should Landlord or any such prospective Mortgagee require execution of a short form of Lease for recording, containing, among other customary provisions, the names of the parties, a description of the Premises and the Term, Tenant agrees to execute such short form of Lease and to deliver the same to Landlord within ten (10) business days following the request therefor.

25. Notices. Any notice that may or must be given by either party under this Lease shall be in writing and shall be delivered (i) personally, or (ii) by a nationally recognized overnight courier, addressed to the party to whom it is intended. A notice shall be deemed delivered on the date received or when delivery is refused. Any notice given to Landlord or Tenant shall be sent to the respective address set forth below, or to such other address as that party may designate.



**ATTACHMENT B**

Landlord

\_\_\_\_\_  
10000 Washington Blvd, Suite 300  
Culver City, CA 90232  
Attn: \_\_\_\_\_

With a copy to:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Sheppard, Mullin, Richter & Hampton LLP  
650 Town Center Drive, 10<sup>th</sup> Floor  
Costa Mesa, California 92626  
Attn: Aaron J. Sobaski, Esq.

Tenant

[to be completed]

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

With a copy to:

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

26. Quiet Enjoyment. Tenant, upon paying the Rent herein reserved and performing and observing all of the other terms, covenants and conditions of this Lease on Tenant's part to be performed and observed hereunder, shall peaceably and quietly have, hold and enjoy the Premises during the Term hereof; subject, nevertheless, to the terms of this Lease and to any mortgages, ground or underlying leases, agreements and encumbrances to which this Lease is or may be subordinated.

27. General Provisions.

27.1 Severability. If any provision of this Lease or the application of any provision of this Lease to any person or circumstance is, to any extent, held to be invalid or unenforceable, the remainder of this Lease or the application of that provision to persons or circumstances other than those as to which it is held invalid or unenforceable, will not be affected, and each provision of this Lease will be valid and be enforced to the fullest extent permitted by law.

27.2 Entire Agreement. This Lease constitutes the final, complete and exclusive statement between the parties to this Lease pertaining to the Premises, supersedes all prior and contemporaneous understandings or agreements of the parties. No party has been induced to enter into this Lease by, nor is any party relying on, any representation or warranty outside those expressly set forth in this Lease. Any agreement made after the date of this Lease is ineffective to modify, waive, release, terminate, or effect an abandonment of this Lease, in whole or in part, unless that agreement is in writing, is signed by the parties to this Lease, and specifically states that that agreement modifies this Lease.

27.3 Waiver. The waiver by either party of any agreement, condition, or provision contained in this Lease will not be deemed to be a waiver of any subsequent breach of the same or any other agreement, condition or provision contained in this Lease, nor will any custom or practice which may grow up between the parties in the administration of the terms of this Lease be construed to waive or to lessen the right of both parties to insist upon the performance by the other party of all such agreements, conditions or obligations in strict accordance with the terms of this Lease.

27.4 Interpretation. Captions to the sections in this Lease are included for convenience only and do not modify any of the terms of this Lease. Unless the context clearly requires otherwise, (i) the plural and singular numbers will each be deemed to include the other; (ii) the masculine, feminine, and neuter genders will each be deemed to include the others; (iii) "shall," "will," "must," "agrees," and "covenants" are each mandatory; (iv) "may" is permissive; (v) "or" is not exclusive; and (vi) "includes" and "including" are not limiting. The Exhibits attached hereto are hereby incorporated by this reference into this Lease. Each provision of this Lease performable by Tenant shall be deemed both a covenant and condition. Time shall be of the essence to the performance of all obligations under this Lease.

27.5 Further Assurances. Except as expressly set forth otherwise herein, each party to this Lease will at its own cost and expense execute and deliver such further documents and instruments and will take such other actions as may be reasonably required or appropriate to evidence or carry out the intent and purposes of this Lease.



## ATTACHMENT B

27.6 Governing Law. This Lease will be governed by and in all respects construed in accordance with the laws of the State where the Premises is located.

27.7 Counterparts. This Lease may be executed in any number of counterparts and each counterpart shall be deemed to be an original document. All executed counterparts together shall constitute one and the same document, and any counterpart signature pages may be detached and assembled to form a single original document. The parties agree that original signatures are not required; PDF or "DocuSign" signatures shall suffice.

27.8 Force Majeure. As used in this Lease, the term "Force Majeure" shall mean any prevention, delay or stoppage due to strikes, lockouts, labor disputes, acts of God, inability to obtain labor or materials or reasonable substitutes therefor, governmental restrictions, governmental regulations, governmental controls, governmental orders, enemy or hostile government action, civil commotion, fire or other casualty, pandemic, epidemic, and other causes beyond the reasonable control of the party obligated to perform, shall excuse the performance by such party for a period equal to any such prevention, delay or stoppage; provided this paragraph shall not apply to any payment obligation.

27.9 Attorneys' Fees. In the event of any action or proceeding brought by either party against the other under the Lease, the prevailing party shall be entitled to recover its reasonable attorneys' fees.

27.10 Heirs and Successors. The covenants and agreements of this Lease shall be binding upon the heirs, legal representatives, successors and permitted assigns of the parties hereto.

27.11 Auctions. Tenant shall not conduct, nor permit to be conducted, either voluntarily or involuntarily, any auction upon the Premises or the Common Areas without first having obtained Landlord's prior written consent, which Landlord may withhold in its sole discretion. Notwithstanding anything to the contrary in this Lease, Landlord shall not be obligated to exercise any standard of reasonableness in determining whether to grant such consent.

27.12 Authority. Each party represents and warrants that the individual(s) executing this Lease on behalf of such party is(are) duly authorized to execute and deliver this Lease on behalf of said entity in accordance with the governing documents of such entity, and that upon full execution and delivery this Lease is binding upon said entity in accordance with its terms.

27.13 Drafting. In the event of a dispute between any of the parties hereto over the meaning of this Lease, both parties shall be deemed to have been the drafter hereof, and any applicable law that states that contracts are construed against the drafter shall not apply.

27.14 No Recording; Title. Tenant shall not record this Lease or any memorandum or other document evidencing the existence of this Lease. Landlord's title is and always shall be paramount to the title of Tenant. Nothing herein contained shall empower Tenant to do any act which can, shall or may encumber the title of Landlord. No rights to any view or to light or air over any property, whether belonging to Landlord or any other person, are granted to Tenant by this Lease.

27.15 Security Measures. Tenant hereby acknowledges that the rental payable to Landlord hereunder does not include the cost of guard service or other security measures and that Landlord shall have no obligation whatsoever to provide guard service or other security measures for the benefit of the Premises, Building or the Project. Tenant assumes all responsibility for the protection of Tenant and the other Tenant Parties, and the property of Tenant and the other Tenant Parties from acts of third parties. Nothing herein contained shall prevent Landlord at Landlord's sole option, from providing security protection for the Project or any part thereof, in which event the cost thereof shall be included within the definition of Operating Expenses as set forth above, to the extent permitted by the terms of Section 3.2.

27.16 Easements. Subject to the limitations set forth in Section 1.4, Landlord reserves to itself the right, from time to time, to grant such easements, rights and dedications that Landlord deems necessary or desirable, and to cause the recordation of new or amended parcel maps and restrictions, so long as such easements, rights, dedications, maps and restrictions do not (a) unreasonably interfere with Tenant's use of or access to the Premises or Metro Parking



## ATTACHMENT B

Spaces, or (b) materially increase the obligations or materially decrease the rights of Tenant under this Lease. Tenant shall sign any of the aforementioned documents within thirty (30) days after receipt of written demand from Landlord.

27.17 Landlord's Consent. Notwithstanding anything to the contrary in this Lease, and notwithstanding any contrary provision of law, including, without limitation, California Civil Code Section 1995.310, the provisions of which Tenant hereby waives, if Tenant claims that Landlord has unreasonably withheld, conditioned or delayed its consent under this Lease or otherwise has acted unreasonably hereunder, its sole remedy shall be declaratory judgment and an injunction for the relief sought without any monetary damages, and Tenant waives all other remedies. The prior sentence shall also apply to all Tenant Parties and proposed transferees, and such agreement by Tenant shall, to the extent permitted under Applicable Laws, be binding upon all such parties. Landlord's consent to or approval of any act by Tenant requiring Landlord's consent or approval shall not be deemed to waive or render unnecessary Landlord's consent to or approval of any subsequent act by Tenant.

27.18 Tenant Financing. Tenant shall not, without the prior written consent of Landlord, which may be granted or withheld in Landlord's sole and absolute discretion, assign, mortgage, pledge, hypothecate, encumber, or permit any lien to attach to Tenant's interest in and to (i) this Lease, (ii) the Premises, or (iii) any Alterations. Additionally, Landlord shall have no obligation or duty whatsoever to execute any agreements, instruments, or other documents requested by Tenant or any lender of Tenant in connection with any Tenant financing, whether secured by Tenant's personal property, fixtures, equipment, or otherwise. Without limiting the foregoing, if Landlord elects to consent to any leasehold financing or agrees to execute any such documents, then: (a) Tenant shall pay, as Additional Rent hereunder at the same time as Tenant's request, a non-refundable administrative fee equal to \$1000 in each instance, which fee Landlord shall be entitled to retain in all events, (b) any such agreement, instrument or other document related thereto shall be on Landlord's then current form, or on such other form as may be acceptable to Landlord in its sole and absolute discretion, and (c) Tenant shall, within ten (10) business days after receipt of written demand from Landlord, as Additional Rent, reimburse Landlord for all of Landlord's reasonable legal fees and costs incurred in connection with any such requests.

27.19 Waiver of Redemption. Tenant waives any and all rights of redemption granted by or under any laws if Tenant is evicted or dispossessed for any cause, or if Landlord obtains possession of the Premises by reason of the violation by Tenant of any of the terms, covenants or conditions of this Lease, or otherwise.

27.20 Relationship of Parties. Nothing contained in this Lease shall be deemed or construed by the parties hereto or by any third party to create the relationship of principal and agent, partnership, joint venturer or any association between Landlord and Tenant, it being expressly understood and agreed that neither the method of computation of Rent nor any act of the parties hereto shall be deemed to create any relationship between Landlord and Tenant other than the relationship of landlord and tenant.

27.21 Submission of Lease. Submission of this instrument for examination or signature by Tenant does not constitute a reservation of or an option for lease, and it is not effective as a lease or otherwise until execution and delivery by both Landlord and Tenant.

27.22 Ground Lease and Sublease. Tenant hereby acknowledges and agrees that this Lease shall be subject and subordinate to the Ground Lease and Sublease, and further subject to the terms and conditions of the applicable SNDA(s) relating to such instruments. Each of Landlord and Tenant agrees to not materially violate any of the material terms of the Sublease or Ground Lease. Additionally, Landlord agrees to not materially amend or modify the Sublease or Ground Lease in any way that would materially and adversely impact Tenant's rights or obligations under this Lease.

27.23 Required Accessibility Disclosure. Landlord hereby advises Tenant that, upon delivery of the Premises, the Buildings may not have undergone an inspection by a certified access specialist, and except to the extent expressly set forth in this Lease, Landlord shall have no liability or responsibility to make any repairs or modifications to the Premises, Buildings, or Project in order to comply with accessibility standards. The following disclosure is hereby made pursuant to applicable California law:

"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.



## ATTACHMENT B

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.” [Cal. Civ. Code Section 1938(e)].

Any CASp inspection shall be conducted in compliance with reasonable rules in effect at the Building with regard to such inspections and shall be subject to Landlord’s prior written consent.

27.24 No Light or Air Rights. No rights to any view or to light or air over any property, whether belonging to Landlord or any other person, are granted to Tenant by this Lease. If at any time any windows of the Premises are temporarily darkened or the light or view therefrom is obstructed by reason of any repairs, improvements, maintenance or cleaning in or about the Buildings or Project, the same shall be without liability to Landlord and without any reduction or diminution of Tenant’s obligations under this Lease.

27.25 Independent Covenants. This Lease shall be construed as though the covenants herein between Landlord and Tenant are independent and not dependent and Tenant hereby expressly waives the benefit of any statute to the contrary and agrees that if Landlord fails to perform its obligations set forth herein, Tenant shall not be entitled to make any repairs or perform any acts hereunder at Landlord’s expense or to any setoff of the Rent or other amounts owing hereunder against Landlord, except as otherwise expressly provided in this Lease.

27.26 Jury Trial and Counterclaim Waiver. To the maximum extent permitted by law, Landlord and Tenant hereby waive trial by jury in any action, proceeding or counterclaim brought by either of the parties hereto against the other or their successors in respect of any matter arising in connection with this Lease, the relationship of Landlord and Tenant, Tenant’s use or occupancy of the Premises, and/or any claim for injury or damage, or any emergency or statutory remedy.

27.27 Non-Discrimination. There shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, marital status, national origin or ancestry, in the leasing, subleasing, transferring, use, or occupancy, tenure or enjoyment of the Premises herein leased, nor shall the tenant himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection location, number or use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the Premises herein leased.

27.28 Substitute Exhibits. The parties hereby acknowledge and agree that at the time of execution of this Lease the exhibits depicting the Premises, Buildings, and Project are preliminary in nature, and therefor the parties agree that once such diagrams have been finalized, the initial exhibits shall be replaced with the final diagrams upon the written agreement of Landlord and Tenant.

27.29 Time of the Essence. Times if of the essence for the performance of each and every obligation under this Lease.

*Remainder of page intentionally left blank.  
Signatures on the following page.*



**ATTACHMENT B**

IN WITNESS WHEREOF, the parties have executed this Lease as of the date first set forth above.

LANDLORD:

\_\_\_\_\_,  
a(n) \_\_\_\_\_

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

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

Its: \_\_\_\_\_

TENANT:

THE LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY,  
a California county transportation authority existing under the Authority of §§ 130050.2 *et*  
*seq.* of the California Public Utilities Code

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

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

Its: \_\_\_\_\_

APPROVED AS TO FORM:

MARY C. WICKHAM  
COUNTY COUNSEL

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



**ATTACHMENT B**

EXHIBIT A

The Project

*Append diagram of the Project and its expected components.*



**ATTACHMENT B**

EXHIBIT B-1  
(cover page)

The Ground Lease

*To be appended behind this cover page.*



**ATTACHMENT B**

EXHIBIT B-2

*(cover page)*

The Sublease

*To be appended behind this cover page.*



**ATTACHMENT B**

EXHIBIT C

Premises

*Append preliminary Premises diagram.*



**ATTACHMENT B**

EXHIBIT D

Landlord Work Letter

*To be attached.*



**ATTACHMENT B**

EXHIBIT E

Tenant Improvement Work Letter

*To be attached.*



## ATTACHMENT B

### EXHIBIT F

#### Extension Options

(1) Option. As set forth in the body of the Lease, subject to the terms and conditions contained in the body of the Lease and those set forth below, the Original Tenant and any entity that is a Permitted Transferee (but not its other successors or assigns) shall have four (4) consecutive Extension Options to extend the Initial Term for Extension Terms of five (5) years each. The Extension Terms shall each be upon the same terms contained in this Lease, except that: (i) no rent concessions, free rent periods, initial improvements, and/or improvement allowances shall be provided in connection with any Extension Term, except to the extent included in the determination of the Fair Market Rental Value, (ii) Tenant shall have no further extension rights or renewal options under the Lease other than the Extension Options set forth in the body of the Lease, and (iii) the Base Rent for each Extension Term shall be determined as set forth in Section 3 of this Exhibit F. After Tenant has properly exercised an Extension Option and the initial Base Rent for the applicable Extension Term has been determined, the parties shall enter into a simple amendment to the Lease to memorialize the extension of the Term and the updated Base Rent.

(2) Requirements. To exercise an Extension Option, Tenant must deliver a binding written notice (the “Exercise Notice”) to Landlord not later than twelve (12) months prior to the expiration of the Initial Term or prior Extension Term, as applicable. If Tenant fails to timely give any such Exercise Notice, Tenant will be deemed to have waived its applicable Extension Option and any subsequent Extension Options, time being of the essence. The Extension Options are personal to the Original Tenant and Permitted Transferees, and may not be exercised or assigned, voluntarily or involuntarily, by or to any person or entity other than Original Tenant or Permitted Transferees, without Landlord's prior written consent, in Landlord's sole discretion. Tenant's Extension Options are further subject to the conditions that on the date that Tenant delivers an Exercise Notice, Tenant is not in material default under this Lease after the expiration of any applicable notice and cure periods.

(3) Fair Market Rental Value. The initial Base Rent for an Extension Term shall be equal to the then applicable Fair Market Rental Value (defined below) of the Premises, provided that the initial Base Rent for an Extension Term shall in no event be less than 100% of the Base Rent payable during the last month of the Initial Term or prior Extension Term, as applicable.

(a) As used herein, the term “Fair Market Rental Value” means the annual amount per square foot that a willing tenant would pay, and a willing landlord would accept, in arm's length negotiations, for a lease of the Premises for the applicable Extension Term, including annual increases during the Extension Term; provided such annual increases shall be no less than three percent (3%) per year, and the determination of Fair Market Rental Value shall account for such requirement. The Fair Market Rental Value shall be determined by considering the most recent new direct leases (not renewals and extensions) for comparable space in comparable buildings/projects near the Premises. In the determination of the Fair Market Rental Value, appropriate consideration shall be given to (i) annual rental rates per rentable square foot, and the standard of measurement by which the rentable square footage is measured, (ii) the type of escalation clauses (including without limitation, operating costs, real estate tax allowances or base year and rental adjustments), (iii) rental abatement or free rent concessions, if any, (iv) brokerage commissions, (v) the length of the term, (vi) the size and location of the premises being leased, (vii) building standard work letters and/or tenant improvement allowances, if any, (viii) the extent of services provided to the leased premises and the extent and type of parking rights granted the tenant, (ix) the date as of which the Fair Market Rental Value is to become effective, and (x) other generally applicable terms and conditions of tenancy.

(b) Landlord and Tenant shall diligently attempt in good faith to agree on the Fair Market Rental Value on or before the date which is four (4) months before the start of the applicable Extension Term (the “Outside Agreement Date”). If Landlord and Tenant fail to reach agreement on or before the Outside Agreement Date, then the Fair Market Rental Value shall be determined in accordance with the following provisions of this Section 3.

(i) Landlord and Tenant shall each make a separate determination of the Fair Market Rental Value and notify the other party of this determination in writing within five (5) business days after the Outside Agreement Date (the “Submission Period”). If each party makes a timely determination of the Fair Market Rental Value, those determinations shall be submitted to arbitration in accordance with the paragraphs below; provided if Tenant's determination is within five percent (5%) of Landlord's determination, the parties agree that determinations



## ATTACHMENT B

shall be averaged to establish the Fair Market Rental Value. If either Landlord or Tenant fails to make a determination of the Fair Market Rental Value within the Submission Period, that failure shall be conclusively considered to be that party's approval of the Fair Market Rental Value submitted by the other party within the Submission Period.

(ii) If both parties make timely determinations of the Fair Market Rental Value, then such determinations shall be submitted to a panel of three (3) arbitrators who shall solely decide whether the Landlord's or the Tenant's submitted Fair Market Rental Value is the closest to the actual Fair Market Rental Value as determined by the arbitrators. The arbitrators must be licensed real estate brokers who have been active in the leasing of similar commercial properties in the Los Angeles metropolitan area over the prior ten (10) year period. Within thirty (30) days after the Outside Agreement Date, Landlord and Tenant shall each appoint one arbitrator and notify the other party in writing of the arbitrator's name and business address. The two (2) arbitrators shall promptly thereafter agree on and appoint a third arbitrator (who shall be qualified under the same criteria set forth above) and provide notice to Landlord and Tenant of the third arbitrator's name and business address. Within thirty (30) days after the appointment of the third arbitrator, the three (3) arbitrators shall decide whether the parties will use Landlord's or Tenant's submitted Fair Market Rental Value, and shall notify Landlord and Tenant of their decision. The decision of the majority the three (3) arbitrators shall be binding on Landlord and Tenant.

(iii) If either Landlord or Tenant fails to appoint an arbitrator within the time period required above, the arbitrator timely appointed by one of them shall reach a decision and notify Landlord and Tenant of that decision within thirty (30) days after his/her appointment, and the arbitrator's decision shall be binding on Landlord and Tenant. If either the two (2) arbitrators fail to agree on and appoint a third arbitrator, or Landlord and Tenant each fail to appoint an arbitrator in a timely manner, then the issue of Fair Market Rental Value shall be submitted to binding arbitration under the expedited real estate arbitration rules of JAMS, with such arbitration limited in scope as set forth above.

(iv) The cost of the arbitration, including the fees of all arbitrators and JAMS, if applicable, shall be paid by the losing party.

(c) If the Fair Market Rental Value has not been established by the start of the applicable Extension Term, then Tenant shall continue to pay Rent in the amounts payable under this Lease immediately prior to the applicable Extension Term until the issue is resolved, and within ten (10) business days after such determination, Tenant shall pay to Landlord the difference between the Rent that Tenant had been paying prior to such determination, and the determined Rent for the applicable Extension Term, for that portion of the Extension Term when Tenant was paying the lesser Rent.



**ATTACHMENT B**

EXHIBIT G

Transit Plaza Installations

*To be attached.*



**ATTACHMENT B**

EXHIBIT H-1

Rules and Regulations

*To be attached.*



**ATTACHMENT B**

EXHIBIT H-2

Transit Plaza Event Procedures

*To be attached.*



**ATTACHMENT B**

**EXHIBIT I**

**Commencement Date Memorandum**

*To be attached.*



**ATTACHMENT B**

**EXHIBIT J**

**Metro Parking Agreement**

*To be attached.*



**ATTACHMENT B**

EXHIBIT K

Metro Funds Disbursements

*To be attached.*



## **EXHIBIT D**

### **LANDLORD WORK LETTER**

This Landlord Work Letter ("**Landlord Work Letter**") sets forth the terms and conditions relating to the construction of certain improvements for the Premises. All references in this Landlord Work Letter to "the Lease" shall mean the Lease to which this Landlord Work Letter is attached as **Exhibit D**.

#### **SECTION 1** **BASE, SHELL AND CORE**

Landlord and/or its partners and affiliates (including Master Developer if applicable), will construct, or cause to be constructed, the base, shell, and core of the Building in which the Premises are located (collectively, the "**Base, Shell, and Core**"), and except as otherwise expressly provided herein or in the Lease, Tenant shall accept the Base, Shell and Core in its "As-Is" condition existing as of the Commencement Date. Notwithstanding the foregoing, the Base, Shell and Core shall be constructed in compliance with all Applicable Laws in effect at the time of construction, and in a good and workmanlike manner. Landlord shall install in the Premises certain "Landlord Improvements" (as defined below) pursuant to the provisions of this Landlord Work Letter. Except for the Landlord's Work described in this Landlord Work Letter, and except as expressly set forth otherwise in the body of the Lease and the Tenant Improvement Work Letter, Landlord shall not be obligated to make or pay for any alterations or improvements to the Premises, the Buildings, or the Project other than the Landlord Improvements and the Tenant Improvements (as defined in the Tenant Improvement Work Letter).

#### **SECTION 2** **LANDLORD IMPROVEMENTS**

Landlord shall, at its sole cost and expense, perform the improvement work described on Schedule 1 hereto. Such work is defined in Section 7.1 of the Lease as the "**Landlord's Work**", and the specific improvements which are to be constructed and installed as part of the Landlord's Work shall, collectively, be referred to herein as the "**Landlord Improvements**". Except as otherwise provided in this Landlord Work Letter, Tenant shall have no right whatsoever to request or require any changes or modifications to the Landlord's Work or Landlord Improvements, nor shall Tenant have any approval rights whatsoever with respect to the Landlord's Improvements or Landlord's Work. Landlord and Tenant have approved the conceptual plan for the Landlord Improvements attached hereto as Schedule 2 (the "**Approved Conceptual Plan**"). By the date set forth in Schedule 3 attached hereto and prior to commencing the Landlord's Work, the Landlord shall provide Tenant with a set of the proposed final architectural, structural, mechanical, electrical and plumbing working drawings for the Landlord Improvements (the "**Working Drawings - Landlord's Work**") for Tenant's review and comment. The Working Drawings – Landlord's Work shall Logically Evolve (as hereinafter defined) from the Approved Conceptual Plan. Notwithstanding anything to the contrary in this Landlord Work Letter, the Tenant shall not have any approval rights with respect to the Working Drawings - Landlord's Work, and shall only have the limited review and comment rights expressly set forth in this Landlord Work Letter.

Tenant shall have ten (10) business days after receipt of the draft Working Drawings - Landlord's Work from Landlord to provide detailed written comments to Landlord, which comments shall be limited to (i) whether Tenant, in its commercially reasonable discretion, determines that the draft Working Drawings - Landlord's Work are not materially consistent with Schedule 1 and Schedule 2 attached to this Exhibit D or are not a Logical Evolution from the Approved Conceptual Plan, or (ii) any conditions shown on such Working Drawings that would materially, adversely affect the use or occupancy of the Premises by Tenant. In the event that Tenant provides Landlord with detailed written comments with respect to the Working Drawings – Landlord's Work, limited as set forth above in subclauses (i) and (ii), within such 10-business day period, then the parties shall meet and confer on such comments and Landlord shall, within ten (10) business days of receipt of such comments from Tenant, provide Tenant with a set of Working Drawings – Landlord's Work which has been revised to address the matter(s) raised by Tenant in its comments, to the extent such comments are reasonably acceptable to Landlord. Tenant shall have ten (10) business days after receipt thereof to review and comment on such revised Working Drawings - Landlord's Work, provided that Tenant's comments shall be limited in the same manner as provided in clauses (i) and (ii) above. The foregoing process shall be repeated to the extent that Tenant has any continuing objections consistent with its rights under



subclauses (i) and (ii) above with respect to any of Landlord's subsequent drafts of Working Drawings - Landlord's Work provided by Landlord to Tenant in response to Tenant's comments. As used herein, "**Logically Evolve**" or "**Logical Evolution**" means a refinement or amplification of the Approved Conceptual Plan that is not materially inconsistent with and flows naturally and foreseeably from such Approved Conceptual Plan, and is in accordance with custom and practice in the field of architectural and engineering design and the construction industry in Southern California. Tenant's failure to respond within ten (10) business days after receipt of the initial draft of the Working Drawings - Landlord's Work, or any subsequent revised draft thereof, shall be deemed to mean that Tenant has no comments on such proposed Working Drawings - Landlord's Work.

Tenant's review of the Working Drawings - Landlord's Work as set forth herein shall be for its own purpose and shall not imply Tenant's approval of the same, or obligate Tenant to review the same, for quality, design, compliance with Applicable Laws, codes or other like matters. Accordingly, notwithstanding that Working Drawings - Landlord's Work are reviewed and/or commented on by Tenant or any other Tenant Party, Tenant shall have no liability whatsoever in connection therewith and shall not be responsible for any omissions or errors contained therein.

### **SECTION 3** **DESIGN AND CONSTRUCTION**

Landlord shall, at its sole cost, cause licensed and qualified architects and engineers selected by Landlord (in its sole discretion) to develop, prepare, and complete the plans, specifications, and construction drawings for the Landlord Improvements, and Landlord shall, at its sole cost, obtain all required permits and approvals for the Landlord's Work, by the date set forth in the Landlord's Work Schedule of Performance. Landlord shall engage, at its sole cost and expense, a licensed and qualified contractor designated by Landlord, in its sole discretion, (the "**Contractor**") to construct the Landlord Improvements in compliance with all Applicable Laws in effect at the time of construction, in good workmanlike manner, and in material compliance with the final Working Drawings - Landlord's Work; provided Landlord shall be entitled to modify the final Working Drawings - Landlord's Work, in Landlord's sole discretion, so long as such modifications do not cause the same to be materially inconsistent with Schedule 1 and Schedule 2 or no longer a Logical Evolution of the Approved Conceptual Plan.

The cost of the design, permitting, and construction of the Landlord Improvements shall be at Landlord's sole cost and expense. Landlord shall cause its Contractor to provide a commercially reasonable warranty, with coverage for a period of at least one (1) year after the Substantial Completion-LW (defined below), and Landlord shall pass along the benefits of such warranty to Tenant (at no cost to Landlord) with respect to those items, if any, which Tenant is responsible for maintaining or repairing under the Lease. With respect to such items, if any, all such warranties or guarantees as to materials or workmanship shall inure to the benefit of both Landlord and Tenant, as their respective interests may appear, and can be directly enforced by either party.

Following the date that Landlord commences construction of the Landlord's Work, Landlord shall hold regular meetings with its Contractors and others engaged in performing the Landlord's Work, shall provide Tenant with notice of the time and place of such meetings, and shall allow Tenant and its agents and representatives to attend such meetings if Tenant elects to do so.

### **SECTION 4** **SUBSTANTIAL COMPLETION OF LANDLORD'S WORK**

For purposes of this Lease, "**Substantial Completion-LW**" shall occur upon the completion of construction of the Landlord Improvements in accordance with the Working Drawings - Landlord's Work (as modified as allowed in this Exhibit), as certified by Landlord's architect in writing, with the exception of any punch list items that do not materially and adversely affect Landlord's ability to perform the Tenant Improvement Work, and with the exception of the completion of the permanent electrical system for the Building and/or Premises (which, together with any punch list items, shall each be completed, in all events, prior to the Commencement Date). Landlord shall notify Tenant in writing when Substantial Completion-LW occurs, which shall be subject to Tenant's inspection rights under Section 5 below.



**SECTION 5**  
**TENANT'S ENTRY PRIOR TO SUBSTANTIAL COMPLETION**

Tenant shall have no right to enter the Premises prior to Substantial Completion of the Landlord's Work, except as may be approved in writing by Landlord in its sole discretion; provided Landlord's approval shall not be unreasonably withheld or delayed to the extent such access is necessary to allow Tenant's architect to complete any plans, specifications, or drawings for the Tenant Improvement Work. Any such approved entry shall be subject to a schedule provided by Landlord, in its reasonable discretion, as well as all reasonable rules, regulations, and directives of Landlord and/or its Contractor. Tenant acknowledges and agrees that Tenant's architect and any other Tenant-affiliated parties that Landlord allows to access the Premises prior to the Substantial Completion-LW shall reasonably cooperate with, and not, in any manner, interfere with Landlord or Landlord's Contractor, agents or representatives in performing the Landlord's Work or any other work being performed in the Building during any such entries. If at any time any such person representing Tenant shall not be reasonably cooperative or shall otherwise cause any such disharmony or interference, including, without limitation, labor disharmony, and Tenant fails to institute and maintain corrective actions promptly following written notice from Landlord, then Landlord may revoke Tenant's entry rights immediately with notice to Tenant. Tenant acknowledges and agrees that any such entry into the Premises or any portion thereof by Tenant, its architect, or any other person or entity working for or on behalf of Tenant shall be deemed to be subject to Tenant's indemnity obligations under Section 10.4 of the Lease, and also subject to all of the releases and waivers provided in the Lease by Tenant for the benefit of Landlord. Without limiting the foregoing or any Tenant obligations or liabilities set forth in the body of the Lease, Tenant shall be liable to Landlord for any damage to any portion of the Premises, including the Landlord Improvements, caused by Tenant, its architect, or any other person or entity working for or on behalf of Tenant during any such entries, except to the extent such damage is covered by Landlord's insurance policies and subject to the waiver of subrogation provisions in the Lease. In the event that the activities conducted by Tenant, its architect, or any other person or entity working for or on behalf of Tenant in connection with such entry causes any costs to be incurred by Landlord that Landlord would not have incurred but for such violation ("**Excess Costs**"), then Tenant shall promptly reimburse Landlord for all actual and reasonable Excess Costs within thirty (30) days after receipt of detailed written demand (including copies of applicable cost verification documents).

Notwithstanding anything to the contrary herein, subject to Tenant's compliance with this Section 5, Tenant shall have the right to enter the Premises prior to Substantial Completion-LW, and for a period of five (5) business days after Landlord has informed Tenant that Landlord has determined that Substantial Completion-LW has occurred, for purposes of inspecting the Landlord's Work, making measurements and otherwise making the Premises ready for occupancy, provided, however, that (i) Tenant's failure to inspect the Landlord's Work shall in no event constitute a waiver of any of Tenant's rights nor shall Tenant's inspection constitute Tenant's approval of the same, and (ii) Tenant shall not be permitted to object to Landlord's determination that the Substantial Completion-LW has occurred if such objection is not delivered in writing to Landlord within seven (7) business days after Landlord has delivered Tenant written notice of such determination. Should Tenant identify any issues with any portion of the Landlord's Work, Tenant shall notify Landlord in writing specifying such issues with reasonable detail; provided that Tenant's inspection comments shall be limited to circumstances where Tenant has, in its reasonable discretion: (i) identified actual defects in the Landlord Improvements, or (ii) identified that the Landlord Improvements have not been constructed in accordance with the final Working Drawings – Landlord's Work. If Tenant properly identifies any such issues, the parties shall promptly meet and confer to discuss the issues, and if Landlord agrees, in its reasonable discretion, with the issues identified by Tenant, then Landlord shall promptly rectify such issues at no expense to Tenant.



## Schedule 1

### Landlord Improvements

1. **General** The Landlord Improvements shall consist of the following: (a) the Building shell and exterior, (b) the core areas, including necessary mechanical, electrical, sprinkler, plumbing, life safety, heating, air conditioning, ventilation and structural systems, stubbed out to the MEP rooms, (c) ADA compliant path-of-travel to the Premises, (d) public stairways, (e) passenger and freight elevators, (f) exterior hardscape and landscaping, and (h) the items described in Sections 2 through 12 below.
2. **Mechanical:**
  - 2.1. Mechanical, heating, ventilating and air conditioning systems shall operate in conformance with the current edition ASHRAE standard 62 (-2001) and shall maintain temperatures which do not exceed 72 degrees in summer, or fall below 70 degrees in winter. The Premises shall be served via a dedicated Variable Refrigerant Flow (VRF) HVAC system providing at a minimum a ratio of 350sf per ton. Landlord to provide refrigerant line from roof to the Premises and accommodate exterior make-up air. Tenant scope to include fan coils as part of the Tenant Improvements.
  - 2.2. MEP Room to be located on the floor of the Premises and accessible by Tenant.
3. **Electrical:**
  - 3.1. Electrical service load capacity per useable square foot of 7.0 watts shall be provided to the Premises, in separate risers for portions of the floor. The electrical capacity is provided first at 277/480 volts (3 phase, 4-wires, 60Hz.) connected to designated panel board (for tenant lighting and supplemental A/C) in each electrical closet. The 277/480V panel board is connected to a 75 kVA step-down transformer, which will step-down the voltage from 480V down to a 120/208 volt, 3-phase, 4-wires to a 42 circuits panel board. The 42 circuit panel board will provide a minimum of 3.0 watts per usable square foot connected load (for Tenant's equipment, convenience outlets, furniture, and other office loads). HVAC is powered via separate Tenant panels, provided as part of Tenant Improvement Work. Additional transformers and/or panels may be added by Tenant, at Tenant's cost, to utilize a larger portion of the overall watts/sf allowance for 120 volt loads.
  - 3.2. Common Area fire exit stairwells, restrooms and service lobbies will be fed from the electrical equipment in the electrical closets on each floor. The intent is to have these metered separately from the Tenant power.
  - 3.3. Condenser water is available for Tenant's use, at Tenant's cost. Water-source heat pumps may be added by Tenant, at Tenant's cost, to cool Tenant electrical, IT and telephone rooms.
4. **Life Safety:**
  - 4.1. An existing addressable fire alarm system and devices (horns, strobes, etc.) compliant with all applicable codes in the Building core and shell spaces (including Building electrical rooms, mechanical equipment spaces, janitorial closets, toilet rooms, elevator lobbies, and stairwells). The Building fire alarm system shall include fire alarm panels sized appropriately to accommodate typical office occupancy.
  - 4.2. Building alarm system panels shall be available on the floor of the Premises, and shall have the capacity for connecting Tenant's system components. Should Tenant's connectivity to the Building's alarm system traverse Building risers, there will be no monthly fee for the use of such risers, nor for any connectivity. A connection will be brought to the Premises for Tenant's fire alarm sub-panel.
  - 4.3. All required alarm and communication systems outside of the Premises, including telephone and electrical rooms, service elevator lobby area, the stairwells, the passenger elevator lobby, complete with horns, speakers and strobes.
5. **Finishes:**
  - 5.1. Reasonably smooth and level concrete slab floor (not to exceed 1/4" variance in 10' on a non-cumulative basis) in a condition to accept floor covering.



- 5.2. The inside face of perimeter wall (non-glass surfaces) and the perimeter and interior column covers shall be drywall, taped and sanded ready for paint. The walls shall be insulated as required by applicable codes.
- 5.3. Curtain wall, exterior windows and insulation, where applicable (from slab-to-slab), installed and sealed.
- 5.4. All exposed core doors shall be completed with painted hollow metal frames, finished solid core wood doors or finished hollow metal doors, and hardware. The balance of the core shall also include exit signs and fire extinguishers as required by Laws for unoccupied space.
- 5.5. The telephone and electrical rooms will include a telephone backboard and electrical distribution panels, respectively.
- 5.6. The passenger elevator lobby on the floor of the Premises shall be complete with (i) finished ceiling, finished lighting, and floor coverings, (ii) walls, completed with wall finish and base, (iii) elevator doors and frames, which will be stainless steel, and call button and hall lantern face plates, which will be stainless steel, and (iv) an evacuation plan.
- 5.7. Completed Building core areas including passenger and freight elevators, fire stairs, mechanical, telephone and electrical equipment closets, elevator lobbies in compliance with current codes, mechanical shafts, and telephone riser pathways from telephone company's Building vaults.
6. **Security:**
  - 6.1. Building closed circuit television (CCTV) system including cameras covering the exterior of the Building perimeter, on-site parking entry and main lobby entry.
7. **Hazardous Materials:** Landlord shall not use Hazardous Substances in connection with the base Building construction.
8. **Plumbing:**
  - 8.1. Cold water service stubbed to the Premises in a 2-inch water line or equivalent.
  - 8.2. Sanitary sewer line (4 inch) and Waste Vent risers with stub outs to the Premises.
  - 8.3. Plumbing risers to the a coordinated point of connection (for restrooms to be constructed as part of the Tenant Improvements).
9. **Fire Sprinklers:** Main risers and stand pipes, plus main loops and branch piping with heads in an open pattern, sufficient for an unoccupied floor, all in compliance with applicable codes. To be connected to base Building central fire alarm system.
10. **MPOE:** Primary service conduits shall exist from the street to the MPOE and empty 4" sleeves shall be provided from the MPOE to the floor of the Premises for extension of fiber service. Landlord shall use commercially reasonable efforts to accommodate Tenant's proposed service provider.
11. **Telephone Service:** Landlord shall provide and install a 2-inch minimum conduit or equivalent with pull string from the MPOE and terminating in the Premises to be determined by the Landlord's plans and specifications with Tenant's approval.
12. **Restrooms:** Not included as a part of the Landlord Improvements.



Schedule 2

Approved Conceptual Plan

*[To be attached prior to execution]*



Schedule 3

Landlord's Work Schedule of Performance

<u>Action Item</u>	<u>Deadline</u>
1. Landlord submittal to Tenant of the Working Drawings - Landlord's Work	No later than_____.
2. Substantial Completion of Landlord's Work shall occur	No later than _____

Each of the foregoing deadlines is subject to Force Majeure and delays due to the acts or omissions of Tenant or any other Tenant Party.



## EXHIBIT E

### TENANT IMPROVEMENT WORK LETTER

This Tenant Improvement Work Letter ("**Tenant Improvement Work Letter**") sets forth the terms and conditions relating to the construction of certain tenant improvements for the Premises. All references in this Tenant Improvement Work Letter to "the **Lease**" shall mean the Lease to which this Tenant Improvement Work Letter is attached as **Exhibit E**.

#### SECTION 1

##### BASE, SHELL AND CORE; LANDLORD IMPROVEMENTS

To the extent not already completed, Landlord will construct, concurrently with its construction of the Tenant Improvements (defined below): (i) the Base, Shell, and Core (as defined in the Landlord Work Letter) of the Building in which the Premises is located, and (ii) the Landlord Improvements in the Premises as set forth in the Landlord Work Letter. Landlord shall install in the Premises, at Tenant's sole cost and expense except as otherwise expressly provided herein, certain "Tenant Improvements" (as defined below) pursuant to and in accordance with the provisions of this Tenant Improvement Work Letter. Except for the Tenant Improvement Work described in this Tenant Improvement Work Letter, the Landlord's Work set forth in the Landlord Work Letter, and except as expressly set forth otherwise in the body of the Lease, Landlord shall not be obligated to make or pay for any alterations or improvements to the Premises, the Building, or Project.

#### SECTION 2

##### TENANT IMPROVEMENTS

2.1 Tenant Improvements. As used herein, the term "**Tenant Improvements**" shall include all work to be done in the Premises pursuant to the Approved Working Drawings described below, including, but not limited to, partitioning, doors, ceilings, floor coverings, wall finishes (including paint and wallcovering), electrical (including lighting, switching, telephones, outlets, etc.), plumbing, heating, ventilating and air conditioning, fire protection, cabinets and other millwork, and the "**Tenant Improvement Work**" shall mean the construction and installation of the Tenant Improvements at the Premises.

2.2 Tenant Improvement Costs. Except as expressly provided herein, Tenant shall be solely responsible for all Tenant Improvement Costs (defined below). As used herein, the term "**Tenant Improvement Costs**" shall include any and all costs, fees, and expenses of any kind and nature associated with the Tenant Improvements and/or Tenant Improvement Work, including without limitation:

2.2.1 Payment of the fees of the "**Architect**" and the "**Engineers**," as those terms are defined below in this Tenant Improvement Work Letter, and of any fees for third party consultants engaged by Landlord in connection with the Tenant Improvement Work, provided such fees are reasonable and have been approved in advance by Tenant;

2.2.2 The payment of plan check, permit and license fees relating to the Tenant Improvement Work, and payment of the fees incurred by, and the cost of documents and materials (if any) supplied by, Landlord and Landlord's consultants in connection with the preparation and review of the Construction Drawings, as that term is defined below in this Tenant Improvement Work Letter, provided such fees and costs are reasonable and have been approved by Tenant in advance;

2.2.3 The cost of construction of the Tenant Improvements, including, without limitation, contractors' fees and general conditions, testing and inspection costs, costs of utilities, and trash removal;

2.2.4 The cost of any changes in the Base, Shell and Core and/or Landlord Improvements that have been approved by Tenant in advance when such changes are required by the Construction Drawings (including if such changes are due to the fact that such work is prepared on an unoccupied basis), such cost to include all direct



architectural and/or engineering fees and expenses incurred in connection therewith, provided such fees and expenses are reasonable and have been approved by Tenant in advance;

2.2.5 The cost of any changes to the Construction Drawings or Tenant Improvements required by any Applicable Laws;

2.2.6 Sales and use taxes and Title 24 fees;

2.2.7 Landlord's Supervision Fee, as that term is defined below in this Tenant Improvement Work Letter; and

2.2.8 All other costs, fees, and/or expenses associated with the Tenant Improvement Work.

Notwithstanding the foregoing, Tenant Improvement Costs shall exclude any additional costs of performing the Tenant Improvement Work to the extent incurred due to the negligence or willful misconduct of Landlord or its agents, employees or contractors, and Landlord shall be solely responsible for such increased cost.

### **SECTION 3** **CONSTRUCTION DRAWINGS**

3.1 Selection of Architect/Construction Drawings. Tenant shall retain an architect/space planner (the "**Architect**") approved by Landlord, which approval shall not be unreasonably withheld, to prepare the Construction Drawings. Landlord hereby approves of HDR Architects as the architect. To the extent such services are not provided by the Architect, Tenant shall retain engineering consultants (the "**Engineers**") to prepare all plans and engineering working drawings relating to the structural, mechanical, electrical, plumbing, HVAC, life safety, and sprinkler work in the Premises. The plans and drawings to be prepared by Architect and the Engineers hereunder shall be known collectively as the "**Construction Drawings**." All Construction Drawings shall comply with the drawing format and specifications reasonably determined by Landlord (and provided by Landlord to Tenant in writing prior to Tenant's preparation of the Construction Drawings), and shall be subject to Landlord's approval, which shall not be withheld unless a Material Problem (as hereinafter defined) would exist. Tenant and Architect shall verify, in the field, the dimensions and conditions as shown on the relevant portions of the base building plans, and Tenant and Architect shall be solely responsible for the same, and Landlord shall have no responsibility in connection therewith. Landlord's review of the Construction Drawings as set forth in this Section 3, shall be for its sole purpose and shall not imply Landlord's review of the same, or obligate Landlord to review the same, for quality, design, compliance with Applicable Laws, codes, or other like matters. Accordingly, notwithstanding that any Construction Drawings are reviewed by Landlord or its employees, agents, space planners, architects, engineers, and/or consultants, and notwithstanding any advice or assistance which may be rendered to Tenant by Landlord or Landlord's employees, agents, space planners, architects, engineers, and/or consultants, Landlord shall have no liability whatsoever in connection therewith and shall not be responsible for any omissions or errors contained in the Construction Drawings.

3.2 Final Space Plan. On or before the date set forth in Schedule 1, attached hereto, Tenant and Architect shall prepare the final space plan for Tenant Improvements in the Premises (the "**Final Space Plan**"), which Final Space Plan shall include a layout and designation of all offices, rooms and other partitioning, their intended use, and equipment to be contained therein, and shall deliver the Final Space Plan to Landlord for Landlord's approval; provided that Landlord shall not withhold its approval unless a Material problem would exist. Landlord shall advise Tenant in writing, with reasonable specificity, within ten (10) business days after Landlord's receipt of the Final Space Plan if Landlord disapproves same because a Material Problem exists. If Tenant is so advised, Tenant shall promptly revise the Final Space Plan to eliminate such Material Problem and resubmit the Final Space Plan to Landlord for Landlord's approval to be given or withheld in accordance with the foregoing until such approval is obtained. Landlord's failure to inform Tenant in writing of Landlord's approval of the Final Space Plan (or disapproval of the Final Space Plan due to the existence of a Material Problem) within the foregoing 10-business day period shall be deemed to be Landlord's approval of the Final Space Plan. As used in this Tenant Improvement Work Letter, "**Material Problem**" means that the proposed Tenant Improvement and/or required Tenant Improvement Work required in connection therewith: (a) would have an adverse effect on (1) the structural integrity of the Building, (2) the Base, Shell and Core, (3) any Common Areas, or (4) any portion of the Premises, Building, or Project which Landlord is obligated to repair or maintain pursuant to the Lease; (b) is not in compliance with Applicable Laws;



(c) would have an adverse effect on the Building Systems and/or any systems or equipment that is dedicated to the Premises but which is or may be Landlord's obligation to repair or maintain pursuant to the Lease; or (d) would cause unreasonable interference with the normal and customary operations of the Common Areas and/or any other tenant in the Building.

3.3 Final Working Drawings. On or before the date set forth in Schedule 1, Tenant, Architect and the Engineers shall complete the architectural and engineering drawings for the Premises, and Architect shall compile a fully coordinated set of architectural, structural, mechanical, electrical and plumbing working drawings in a form which is complete to allow contractors and subcontractors to bid on the work and to obtain all applicable permits (collectively, the "**Final Working Drawings**"), and shall submit the same to Landlord for Landlord's review and comment (at Landlord's election in its discretion), provided that Landlord's comments (if any) shall be limited to whether a Material Problem exists. Landlord shall advise Tenant in writing, with reasonable specificity, within ten (10) business days after Landlord's receipt of the Final Working Drawings if Landlord reasonably determines that a Material Problem exists. If Tenant is so advised, Tenant shall promptly revise the Final Working Drawings to eliminate such Material Problem and resubmit the Final Working Drawings to Landlord for Landlord's further review and comment for Material Problems. Landlord's failure to provide Tenant with comments in writing within the foregoing 10-business day period shall be deemed to be that Landlord does not have any comments on the Final Working Drawings.

3.4 Approved Working Drawings. On or before the date set forth therefor in Schedule 1, Tenant shall submit the Final Working Drawings reviewed and commented on (or deemed reviewed and commented on) by Landlord (the "**Approved Working Drawings**") to the applicable local governmental agency for all applicable building permits necessary to allow "Contractor," as that term is defined below in this Tenant Improvement Work Letter, to commence and fully complete the construction of the Tenant Improvements (collectively, the "**Permits**"), and, in connection therewith, Tenant shall coordinate with Landlord in order to allow Landlord, at Landlord's option, to take part in all phases of the permitting process, and shall supply Landlord, as soon as reasonably possible, with all plan check numbers and dates of submittal. Notwithstanding the foregoing, Tenant hereby agrees that neither Landlord nor Landlord's consultants shall be responsible for obtaining any building permit or certificate of occupancy for the Premises and that the obtaining of the same shall be Tenant's responsibility; provided, however, that Landlord shall, in any event, cooperate with Tenant in executing permit applications and performing other ministerial acts reasonably necessary to enable Tenant to obtain any such permit or certificate of occupancy.

No changes, modifications or alterations in the Approved Working Drawings may be made without the prior written consent of Landlord, which consent shall be given or withheld in writing within ten (10) business days after receipt of Tenant's detailed written request (which request shall include a detailed description of the proposed revisions, the estimated impact on the cost of the Tenant Improvement Work, the estimated impact on the performance schedule for the Tenant Improvement Work, and the proposed revisions to the Approved Working Drawings); provided that such consent shall not be withheld unless a Material Problem would exist or such change would directly or indirectly delay the Substantial Completion-TIW (defined below) of the Premises beyond the estimated Commencement Date set forth in Section 2.2 of the Lease. Landlord's failure to give or withhold its consent in writing within such 10-business day period shall be deemed to be a grant of such consent.

3.5 Time Deadlines. Tenant and Landlord shall cooperate with Architect and the Engineer, and Tenant and Landlord shall cooperate, to complete all phases of the Construction Drawings and the permitting process and to receive the Permits, and with Contractor, for approval of the "Cost Proposal," as that term is defined below, in accordance with the dates set forth in Schedule 1. Tenant shall meet with Landlord on a weekly (or such other less-frequent basis as Landlord shall determine) to discuss Tenant's progress in connection with the same. Certain of applicable dates for approval of items, plans and drawings as described in this Tenant Improvement Work Letter are set forth and further elaborated upon in Schedule 1 (the "**Time Deadlines**"), attached hereto. Tenant shall comply with the Time Deadlines.

#### **SECTION 4** **CONSTRUCTION OF THE TENANT IMPROVEMENTS**

4.1 Contractor. Landlord and Tenant shall, working in good faith, mutually agree upon a reputable and licensed contractor (the "**Contractor**") to construct the Tenant Improvements under the supervision of Landlord.



4.2 Cost Proposal. After the Approved Working Drawings are signed by Landlord and Tenant, and working with the Contractor, Landlord and Contractor shall provide Tenant with a cost proposal of the estimated Tenant Improvement Costs (excluding all costs already paid by Tenant directly to the Architect, Engineer, or otherwise, the "**Cost Proposal**"). Notwithstanding the foregoing, portions of the estimated Tenant Improvement Costs may be delivered to Tenant as such portions of the Tenant Improvements are priced by Contractor (on an individual item-by-item or trade-by-trade basis), even before the Approved Working Drawings are completed (the "**Partial Cost Proposal**"). Tenant shall approve (or disapprove) and deliver the Cost Proposal and any Partial Cost Proposal to Landlord within ten (10) business days of the receipt of the same. The date by which Tenant must approve (or disapprove) and deliver the Cost Proposal, or the last Partial Cost Proposal to Landlord, as the case may be, shall be known hereafter as the "**Cost Proposal Delivery Date**." The total of all Partial Cost Proposals, if any, shall be aggregated to comprise the "Cost Proposal", as applicable. If Tenant disapproves of the Cost Proposal or Partial Cost Proposal, in its reasonable discretion, Landlord shall, in consultation with Tenant, work with the Contractor to provide a revised Cost Proposal or Partial Cost Proposal, as applicable, to Tenant for approval, and the foregoing process shall be repeated until Tenant has approved a Cost Proposal. In no event shall Landlord commence construction of the Tenant Improvements until Tenant has approved the Cost Proposal or Partial Cost Proposal, as applicable, in writing. Notwithstanding anything to the contrary contained in this Tenant Improvement Work Letter, in no event shall Tenant be responsible for Tenant Improvement Costs that have not been approved by Tenant in writing, and in the event that Landlord incurs such unapproved costs, Landlord shall be solely responsible for same. Furthermore, in the event that the cost of the Tenant Improvements is increased due to the negligence or willful misconduct of Landlord or its agents, employees or contractors, Landlord shall be solely responsible for such increased cost.

4.3 Construction of Tenant Improvements.

4.3.1 Payment of Tenant Improvement Costs. Tenant shall pay all invoices for any Tenant Improvement Costs within ten (10) days after receipt of detailed written demand therefor, which demand shall be in the form of a commercially reasonable monthly draw request based on the percentage of the work completed, as further specified in the agreement(s) with the Contractor. In the event that, after the Cost Proposal Date, any revisions, changes, or substitutions shall be made to the Construction Drawings or the Tenant Improvements with the approval of Tenant, then any additional costs which arise in connection with such revisions, changes or substitutions shall be added to the Cost Proposal and shall be paid by Tenant to Landlord within ten (10) days after receipt of Landlord's request. Any failure by Tenant to pay the foregoing amounts when due shall be a default if not cured within five (5) business days after receipt of written demand, and any delays in the performance of the Tenant Improvement Work resulting from such delays shall be a Tenant Delay. Following completion of the Tenant Improvements (including completion of punch list work and payment of any retainage), Landlord shall deliver to Tenant a final cost statement which shall indicate the final Tenant Improvement Costs, and if such cost statement indicates that Tenant has underpaid or overpaid the Tenant Improvement Costs, then within ten (10) days after receipt of such statement, Tenant shall deliver to Landlord the amount of such underpayment or Landlord shall return to Tenant the amount of such overpayment, as the case may be.

4.3.2 Landlord Supervision. After the parties agree upon the Contractor, Landlord shall independently retain Contractor to construct the Tenant Improvements in accordance with the Approved Working Drawings and the Cost Proposal. Landlord shall supervise the construction by Contractor, and Tenant shall pay a construction supervision and management fee (the "**Landlord's Supervision Fee**") to Landlord in an amount equal to five percent (5%) of the Tenant Improvement Costs (before including the Landlord's Supervision Fee). The Landlord's Supervision Fee shall be part of the Tenant Improvement Costs, and shall be included in the Cost Proposal. As part of the reconciliation of costs described above, the final Landlord Supervision Fee shall be determined based on the final Tenant Improvement Costs (before including the Landlord's Supervision Fee), and included in calculating any underpayment or overpayment.

4.3.3 Contractor's Warranties and Guaranties. Landlord shall cause the Contractor to provide a commercially reasonable warranty, with coverage for a period of at least one (1) year after the Substantial Completion (defined below) of the Tenant Improvement Work, and Landlord shall pass along the benefits of such warranty to Tenant (at no cost to Landlord) with respect to those items which Tenant is responsible for under the Lease. Landlord hereby assigns to Tenant all warranties and guaranties given by Contractor relating to the Tenant Improvements, which assignment shall be on a non-exclusive basis such that the warranties and guarantees may be enforced by Landlord



and/or Tenant, and Tenant hereby waives all claims against Landlord relating to, or arising out of the construction of, the Tenant Improvements, except to the extent caused by the negligence or willful misconduct of Landlord.

4.3.4 Tenant's Covenants. Without limiting any indemnities contained in the body of the Lease, the Tenant hereby indemnifies Landlord for any loss, claims, damages or delays arising from the actions of Architect and the Engineers on the Premises or in the Building or Project, except to the extent such loss, claim, damage or delay was the result of the negligence, willful misconduct, or breach of this Tenant Improvement Work Letter by Landlord or its employees, agents, or contractors. Within ten (10) days after completion of construction of the Tenant Improvements, Landlord and Tenant shall each, respectively, cause the Contractor and Architect to cause a Notice of Completion to be recorded in the office of the Recorder of the County in which the Building is located in accordance with Section 8182 of the Civil Code of the State of California or any successor statute and furnish a copy thereof to Landlord upon recordation, failing which, Landlord may itself execute and file the same on behalf of Tenant as Tenant's agent for such purpose. In addition, Tenant, immediately after the Substantial Completion of the Premises, shall have prepared and delivered to Landlord a copy of the "as built" plans and specifications (including all working drawings) for the Tenant Improvements, together with a computer disk containing the Approved Working Drawings in AutoCAD format.

## **SECTION 5**

### **SUBSTANTIAL COMPLETION; LEASE COMMENCEMENT DATE**

5.1 Substantial Completion. For purposes of this Lease, the "**Substantial Completion-TIW**" shall occur upon the completion of construction of the Tenant Improvements in the Premises pursuant to the Approved Working Drawings and issuance of a Certificate of Occupancy for the Premises by the applicable governmental entity, with the exception of any punchlist items and any tenant fixtures, work-stations, built-in furniture, or equipment to be installed by Tenant or under the supervision of Contractor. Tenant shall provide Landlord and Contractor with a detailed list of any punchlist items within thirty (30) days after the date of Substantial Completion-TIW. Landlord shall inform Tenant within ten (10) business days after receipt of whether Landlord disagrees, in its reasonable discretion, with any proposed punchlist work. If such disagreement occurs, the parties shall work in good faith to finalize the punchlist as soon as possible. Landlord shall cause the punchlist items to be corrected as soon as possible, and in all events (unless not reasonably possible) within thirty (30) days after mutual approval of the punchlist, subject to delays resulting from Force Majeure or the acts or omissions of Tenant or any other Tenant Party.

5.2 Tenant Delays. Any delays in Substantial Completion of the Premises as a direct, indirect, partial, or total result of any of the following shall be collectively referred to in this Lease as "**Tenant Delays**":  
**Bookmark not defined.**

5.2.1 Tenant's failure to comply with the Time Deadlines;

5.2.2 Tenant's failure to timely approve any matter requiring Tenant's approval, including a Partial Cost Proposal or the Cost Proposal;

5.2.3 a breach by Tenant of the terms of this Tenant Improvement Work Letter or the Lease (beyond any applicable notice and cure period);

5.2.4 Tenant's request for changes in the Approved Working Drawings;

5.2.5 Tenant's requirement for materials, components, finishes or improvements which are not available in a reasonable time (based upon the estimated Commencement Date set forth in Section 2.2 of the Lease) or which are different from, or not included in, the Approved Working Drawings;

5.2.7 changes to the Base, Shell and Core or Landlord Improvements required by the Approved Working Drawings;



5.2.8 any changes in the Construction Drawings and/or the Tenant Improvements required by Applicable Laws if such changes are directly attributable to Tenant's use of the Premises or Tenant's specialized tenant improvement(s) (as reasonably determined by Landlord); or

5.2.9 any other acts or omissions of Tenant, or its Architect, Engineer, consultants, agents, or employees;

provided, however, that no Tenant Delay shall be deemed to have occurred unless and until Landlord has provided written notice to Tenant specifying the action, inaction or event that Landlord contends constitutes a Tenant Delay. If such action, inaction or event is not cured or terminated within two (2) business days' after receipt of such notice, then a Tenant Delay shall be deemed to have occurred commencing as of the date such notice is received and continuing for the number of days of delays actually resulting from such action, in action or event.

## **SECTION 6** **MISCELLANEOUS**

6.1 Tenant's Entry Into the Premises Prior to Substantial Completion. Subject to the terms hereof and provided that Tenant and its agents do not interfere with, or delay, Contractor's work in the Premises, at Landlord's reasonable discretion, Contractor shall allow Tenant access to the Premises for at least thirty (30) days prior to the Substantial Completion of the Premises for the purpose of Tenant installing equipment or fixtures (including Tenant's data and telephone and telecommunications equipment) in the Premises. Prior to Tenant's entry into the Premises as permitted by the terms of this Section 6.1, Tenant shall submit a schedule to Landlord and Contractor, for their reasonable approval, which schedule shall detail the timing and purpose of Tenant's entry. In connection with any such entry, Tenant acknowledges and agrees that Tenant's employees, agents, contractors, consultants, workmen, mechanics, suppliers and invitees shall reasonably cooperate, work in harmony and not, in any manner, interfere with Landlord or Landlord's Contractor, agents or representatives in performing work in the Building and the Premises, or interfere with the general operation of the Building and/or the Project. If at any time any such person representing Tenant shall not be cooperative or shall otherwise cause any such disharmony or interference, including, without limitation, labor disharmony, and Tenant fails to promptly after written notice institute and maintain corrective actions as reasonably directed by Landlord, then Landlord may revoke Tenant's entry rights if Tenant fails to cure such issue following twenty-four (24) hours' prior written notice to Tenant. Tenant acknowledges and agrees that any such entry into and occupancy of the Premises or any portion thereof by Tenant or any person or entity working for or on behalf of Tenant shall be deemed to be subject to all of the terms, covenants, conditions and provisions of the Lease, excluding only the covenant to pay Rent (until the occurrence of the Commencement Date). Landlord shall not be liable for any injury, loss or damage which may occur to any of Tenant's work made in or about the Premises in connection with such entry or to any property placed therein prior to the Commencement Date, the same being at Tenant's sole risk and liability except to the extent caused by the negligence or willful misconduct of Landlord or its employees, agents, consultants, invitees or contractors. Tenant acknowledges and agrees that any such entry into the Premises or any portion thereof by Tenant, its architect, or any other person or entity working for or on behalf of Tenant shall be deemed to be subject to Tenant's indemnity obligations under Section 10.4 of the Lease, and also subject to all of the releases and waivers provided in the Lease by Tenant for the benefit of Landlord. In the event that Tenant's violation of this Section 6.1 causes any costs to be incurred by Landlord that Landlord would not have incurred but for such violation ("**Excess Costs**"), then Tenant shall promptly reimburse Landlord for all actual and reasonable Excess Costs within thirty (30) days after receipt of detailed written demand (including copies of applicable cost verification documents).

6.2 Tenant's Representative. Tenant has designated \_\_\_\_\_ as its sole representative with respect to the matters set forth in this Tenant Improvement Work Letter, who shall have full authority and responsibility to act on behalf of the Tenant as required in this Tenant Improvement Work Letter.

6.3 Landlord's Representative. Landlord has designated \_\_\_\_\_ as its representative with respect to the matters set forth in this Tenant Improvement Work Letter, who, until further notice to Tenant, shall have full authority and responsibility to act on behalf of the Landlord as required in this Tenant Improvement Work Letter.

6.4 Time of the Essence in This Tenant Improvement Work Letter. Unless otherwise indicated, all references herein to a "number of days" shall mean and refer to calendar days. In all instances where Tenant is required



to approve or deliver an item, if no written notice of approval is given or the item is not delivered within the stated time period, at Landlord's sole option, at the end of said period the item shall automatically be deemed approved or delivered by Tenant and the next succeeding time period shall commence.

6.5 Tenant's Lease Default. Notwithstanding any provision to the contrary contained in the Lease, if an event of default by Tenant as described in the body of the Lease (beyond expiration of any applicable notice and cure period) or any default by Tenant of any obligation expressly set forth under this Tenant Improvement Work Letter (beyond a reasonable notice and cure period of not less than ten (10) days in the case of a monetary default and not less than thirty (30) days in the case of any non-monetary default) has occurred at any time on or before the Substantial Completion-TIW, then (i) in addition to all other rights and remedies granted to Landlord pursuant to the Lease, at law and/or in equity, Landlord may cause Contractor to cease the construction of the Premises, and (ii) all other obligations of Landlord under the terms of this Tenant Improvement Work Letter shall be forgiven until such time as such default is cured pursuant to the terms of the Lease (in which case, it shall be a Tenant Delay for purposes of Section 5.2 above). In addition, if the Lease is terminated prior to the Commencement Date due to a default by Tenant under the body of the Lease or under this Tenant Improvement Work Letter, then in addition to any other remedies available to Landlord under the Lease, at law and/or in equity, Tenant shall liable for and shall immediately pay to Landlord any and all costs incurred by Landlord and not reimbursed or otherwise paid by Tenant through the date of such termination in connection with the Tenant Improvement Work or Tenant Improvements to the extent planned, installed and/or constructed as of such date of termination, including, but not limited to, any costs related to the removal of all or any portion of the Tenant Improvements and restoration costs related thereto.



## **SCHEDULE 1**

### **TIME DEADLINES**

<u>Dates</u>	<u>Actions to be Performed</u>
1. _____, 202__	Final Space Plan to be completed by Tenant and delivered to Landlord.
2. Within [____] days of Landlord's approval (or deemed approval) of the Final Space Plan	Tenant to deliver Final Working Drawings to Landlord.
3. _____, 202__	Tenant to submit Approved Working Drawings to the City of Los Angeles for all applicable building permits.
4. Ten (10) business days after the receipt of the Cost Proposal by Tenant.	Tenant to approve or disapprove Cost Proposal.
5. Five (5) business days after the receipt of a Partial Cost Proposal by Tenant.	Tenant to approve Partial Cost Proposal and deliver same to Landlord.



## FUNDING/EXPENDITURE PLAN

## VERMONT/MANCHESTER - METRO TRAINING AND INNOVATION CENTER

Use of Funds	FY21	FY22	FY23	FY24+	Total Capital Costs
<b>Design Phase</b>					
Design Costs	400,000	1,300,000	-	-	1,700,000
Legal Assistance with Real Estate	100,000	-	-	-	100,000
Agency Costs	-	-	-	-	-
Design Phase Total	500,000	1,300,000	-	-	1,800,000
<b>Construction Phase</b>					
Construction - Tenant Improvements	-	3,000,000	3,615,000	-	6,615,000
Construction - Parking	-	-	3,000,000	-	3,000,000
Construction - Transit Plaza	-	-	3,500,000	-	3,500,000
Transit Plaza including (TVMs and Signage)	-	-	750,000	-	750,000
FF&E (Furniture / Equipment)	-	-	1,136,000	-	1,136,000
Design Support During Construction	-	100,000	100,000	-	200,000
Development Fee (5%)		290,000	290,000	-	580,000
Construction Management Consultants	-	100,000	100,000	-	200,000
Agency Costs		100,000	100,000		200,000
LEED ID+Silver Commissioning	-	-	519,000	-	519,000
Project Contingency	-	-	-	1,400,000	1,400,000
Construction Phase Total	-	3,590,000	13,110,000	1,400,000	18,100,000
<b>Total Project Cost</b>	<b>500,000</b>	<b>4,890,000</b>	<b>13,110,000</b>	<b>1,400,000</b>	<b>19,900,000</b>
<b>Source of Funds</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24+</b>	<b>Totals</b>
Proposition C 25% Bond	-	-	450,000	-	450,000
Local Funds	500,000	4,890,000	12,660,000	1,400,000	19,450,000
<b>Total Project Funding</b>	<b>500,000</b>	<b>4,890,000</b>	<b>13,110,000</b>	<b>1,400,000</b>	<b>19,900,000</b>

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# METRO TRAINING & INNOVATION CENTER

Executive Management Committee    October 15, 2020



Joanne Peterson – Chief Officer, Human Capital & Development  
Timothy Lindholm – Senior Executive Officer, Capital Projects



# VISION

The Los Angeles County Metropolitan Transportation Authority (Metro) is developing a Training and Innovation Center in South Los Angeles to build the infrastructure workforce of the future.

The Training & Innovation Center will be part of the transformation of infrastructure in Los Angeles. The center will help expand equitable professional development resources in this historically marginalized community by serving as an innovation hub for existing Metro employees, residents from across the county seeking employment and professional advancement. The center will become a resource for students and lifelong learners.



# IMPACT

Metro's Training and Innovation Center will be a state-of-the-art facility providing classrooms, learning labs and interactive meeting spaces to promote relevant job training and innovative practices

## ENHANCE SUCCESS OF POTENTIAL CANDIDATES

- WIN-LA Training & Partnerships
- Resume & Interview Workshops
- On-site Recruitment Activities
- Business Skills Trainings
- Veteran Transition Workshops
- Professional Development Courses for the emerging workforce (TCAP, MIP, ELTP)

## PROFESSIONAL DEVELOPMENT FOR EXISTING METROEMPLOYEES

- 719 Metro employees live within a 2-mile radius (75% are African American and 20% are Hispanic)
- Department 100 & 200 training
- Career Pathway Development Training
- Course Offerings from College Partners for Tuition Reimbursement

## COMMUNITY ENGAGEMENT AND EDUCATION

- Job and Career Fairs
- Youth & Adult Programming
- Art Programs
- Resource Center
- Community-Based Organization collaboration in support of Fair Chance recruitment efforts



# VERMONT/MANCHESTER MIXED-USED PROJECT

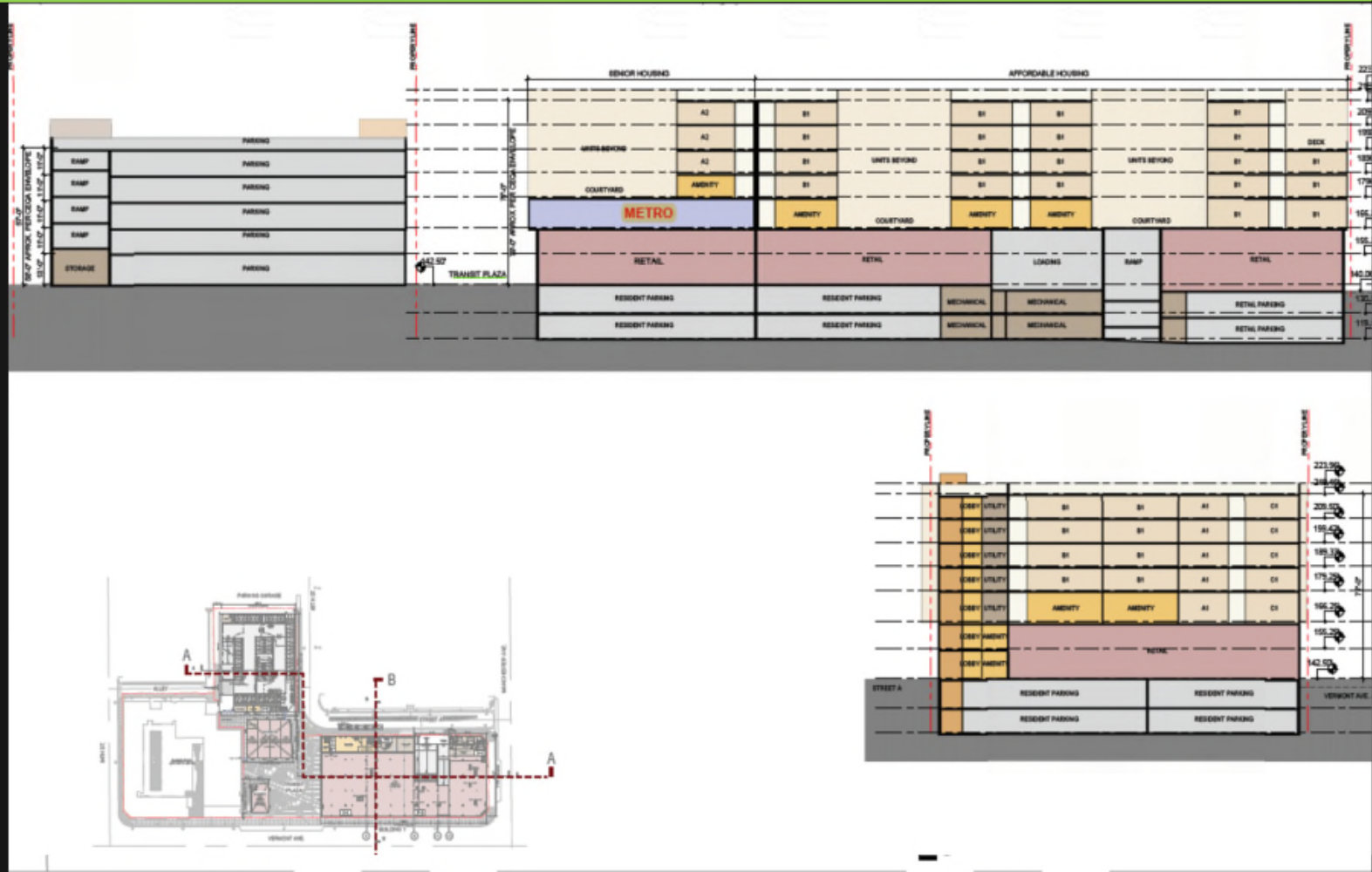
4.3 acres located on the east side of 8400 & 8500 blocks of South Vermont Ave

## Overall Project Goals:

- Revitalize South Los Angeles to improve quality of life, increase public safety and workforce development

## Elements include:

- Affordable Housing Units
- Retail/ Grocery Store
- SEED LA
- Metro Transit Innovation Center
- Parking Structure





# OFFICE LEASE: DEAL POINTS

Metro is negotiating a 15-year office lease with Primestor Development LLC, for the Metro Training and Innovation Center.

## OFFICE LEASE

- Duration 15-years with four 5-year options
- Annual base rent starting at \$630,000
- Operating expenses projected at \$150,000 per year
- Metro will design and fund the construction of the tenant improvements (NTE \$11.6M)
- Owner will construct the shell and exterior of the space
- Owner will construct the tenant improvements according to Metro's final design
- Metro will contribute up to \$3.5M for the construction of the transit plaza

## PARKING RIGHTS AGREEMENT

- Metro shall have access to 60 reserved parking spaces
- Metro will have access to the premises and parking structure 24-hrs per day/7-days a wk.
- Metro will contribute up to \$3M for the acquisition of the exclusive use of the spaces
- The location of the reserved parking spaces will be subject to Metro's approval
- The term of the Agreement shall be at least 35-years.
- Metro shall pay its pro rata share of the costs of operating and maintaining the Parking Structure.



# CAPITAL COSTS

VERMONT/MANCHESTER - METRO TRAINING AND INNOVATION CENTER					
Use of Funds	FY21	FY22	FY23	FY24+	Total Capital Costs
<b>Design Phase</b>					
Design Costs	400,000	1,300,000	-	-	1,700,000
Legal Assistance with Real Estate	100,000	-	-	-	100,000
Agency Costs	-	-	-	-	-
Design Phase Total	500,000	1,300,000	-	-	1,800,000
<b>Construction Phase</b>					
Construction - Tenant Improvements	-	3,000,000	3,615,000	-	6,615,000
Construction - Parking	-	-	3,000,000	-	3,000,000
Construction - Transit Plaza	-	-	3,500,000	-	3,500,000
Transit Plaza including (TVMs and Signage)	-	-	750,000	-	750,000
FF&E (Furniture / Equipment)	-	-	1,136,000	-	1,136,000
Design Support During Construction	-	100,000	100,000	-	200,000
Development Fee (5%)		290,000	290,000	-	580,000
Construction Management Consultants	-	100,000	100,000	-	200,000
Agency Costs		100,000	100,000		200,000
LEED ID+Silver Commissioning	-	-	519,000	-	519,000
Project Contingency	-	-	-	1,400,000	1,400,000
Construction Phase Total	-	3,590,000	13,110,000	1,400,000	18,100,000
<b>Total Project Cost</b>	<b>500,000</b>	<b>4,890,000</b>	<b>13,110,000</b>	<b>1,400,000</b>	<b>19,900,000</b>



# OPERATING COSTS

## Mobility Training & Innovation Center (Operating Costs)

CBU	Personnel Type	# of Employees	Hour Rate	Year Salary	Cost/Year Fully Burdened
NC	Admin (Project Manager)	2	\$ 54.16	\$ 112,653	\$ 342,014
NC	Admin (ELTP)	2	\$ 22.14	\$ 46,051	\$ 139,811
NC	Admin (Librarian)	1	\$ 33.00	\$ 68,640	\$ 104,196
<b>Sub-Total Administration</b>					<b>\$ 586,021</b>
FM/CAM Charges					\$ 150,000
<b>Sub-Total Facilities</b>					<b>\$ 150,000</b>
TEAMSTER	Transit Security Officer 1	2.5	\$ 18.99	\$ 39,508	\$ 157,537
TEAMSTER	Sr Transit Security Officer	0.5	\$ 33.13	\$ 68,910	\$ 54,956
<b>Sub-Total Security</b>					<b>\$ 212,493</b>
<b>Sub-Total Lease Cost</b>					<b>\$ 630,000</b>
<b>Sub-Total Miscellaneous Cost</b>					<b>\$ 100,000</b>
<b>Total Cost</b>					<b>\$ 1,678,514</b>

### Assumptions:

1. Hours of operation 8:00 am - 8:00 pm, seven days a week (14 shifts)
2. Two shifts per day, 7:00 am - 3:00 pm and 1:00 pm - 9:00 pm

### Miscellaneous Costs:

1. Office Supplies
2. Computers for Training
3. Unanticipated Expenses

*The operating costs outlined here are an estimate based on proposed outcomes at this time. Personnel type and number of employees are subject to change in order to meet the business needs of the Metro Training and Innovation Center.*



# RAPID EQUITY ASSESSMENT

The Metro Training and Innovation Center will address important equity impacts on the community of South Los Angeles.

## OPPORTUNITIES TO IMPROVE EQUITY

- Approximately 63% of South Los Angeles residents are Latino, 36% are Black
- 39% of the households in South Los Angeles earn less than \$25k a year
- 4% of the residents in the area have a four-year degree
- Over 700 Metro employees live within a 2-mile radius of the site

## KEY BENEFITS

- Access to technology (*computers, internet access*)
- Workforce Development resources for members of the community
- Center for collaboration amongst community partners and Metro
- Professional Development courses for existing Metro Employees

## MOVING FORWARD

- Community Engagement via dedicated phone number and email address
- Construction Work Plan – Noise and dust mitigation measures
- Traffic mitigation measures
- Comprehensive communication plan to keep the community informed



# DESIGN CONSIDERATIONS



There will be multiple conferencing/work spaces ranging from 1000sf to 3000sf.

Spaces are flexible to accommodate multiple event types such as:

- Training/ Education Workshops
- Conferences/Events
- Business Meetings

Dedicated work area for preassembled independent work pods that can be rented or used by metro employees for satellite offices.



Conference Rooms to be equipped with equipment to meet all functional needs such as:

- Writable Walls & Glass
- Floor Outlets & Data
- Moveable Partition Wall on track system with 360 swivel





# VERMONT MANCHESTER – TRANSIT PLAZA

Transit Plaza located on the first level between the SEED LA School and the Grocery Store.

Function as a Transit Plaza and Outdoor Gathering space.

- The design of the gathering space functions and aesthetics will be determined by the developers design team.

Metro will budget for the following:

- Digital Message Boards
- Transit related Artwork
- Metro Signage – Wayfinding
- Ticket Vending Machines





# NEXT STEPS

- Board Authorization and Approval of LOP: October 22, 2020
- Execute Office Lease and ancillary agreements: November 2020
- Start design of interior space: November 2020
- Construction Start Dates:
  - SEED School: Late 2020
  - Housing/Retail/Parking: Fall 2021
- Capital Contribution: FY2022—FY2024





THANK YOU FOR YOUR SUPPORT