



**CITY OF LAGUNA HILLS
CITY COUNCIL/PLANNING AGENCY
REGULAR MEETING AGENDA
NOVEMBER 24, 2015**

**Closed Session at 6:00 PM (*when scheduled*)
General Business Session at 7:00 PM**

Dore J. Gilbert, M.D., Mayor

Barbara Kogerman, Mayor Pro Tempore

Andrew Blount, Council Member

Melody Carruth, Council Member

Don Sedgwick, Council Member

Location: City Council Chamber, 24035 El Toro Road, Laguna Hills, California 92653

Teleconference

Location:

**Council Member Blount Teleconferencing Location Pursuant to
Government Code Section 54953(b):**

**109 West View
Wimberley, Texas 78786**

Any person wishing to address the City Council/Planning Agency on any matter, whether or not it appears on this Agenda, is asked to complete a pink "Request to Speak" form available on the table at the back of the Chamber. The completed form is to be submitted to the City Clerk prior to an individual being heard by the City Council/Planning Agency. Completion of the form is voluntary. All persons may attend the meeting regardless of whether this form is completed.

Members of the public wishing to address the City Council can do so during the Public Comments portion of the Agenda with a time limitation of three minutes per person, an overall time limit of ten minutes for any one subject, and a total time limit of thirty minutes for Public Comments. If you are commenting on an Agenda item, your comments will be heard at the time that item is scheduled on the Agenda. If you are addressing the City Council on an item not listed on the Agenda, the City Council is prohibited by law from discussing or taking any action on that item.

CLOSED SESSION - CONVENING AT 6:00 PM

1. CALL CLOSED SESSION TO ORDER
2. ROLL CALL OF COUNCIL MEMBERS

Andrew Blount, Council Member (*Appearance via Teleconference*)

Melody Carruth, Council Member

Don Sedgwick, Council Member

Barbara Kogerman, Mayor Pro Tempore

Dore J. Gilbert, M.D., Mayor

3. ANNOUNCEMENT OF CLOSED SESSION ITEMS

A. **PUBLIC EMPLOYEE PERFORMANCE EVALUATION**

Pursuant to Government Code Section 54957(b)(1)

Public Employee Title: City Manager - Annual Performance Evaluation

4. PUBLIC COMMENT ON CLOSED SESSION ITEMS

5. ADJOURN TO CITY COUNCIL CONFERENCE ROOM

6. CONVENE INTO CLOSED SESSION

RECESS



**CITY OF LAGUNA HILLS
CITY COUNCIL/PLANNING AGENCY
REGULAR MEETING AGENDA
NOVEMBER 24, 2015
General Business Session at 7:00 PM**

Dore J. Gilbert, M.D., Mayor

**Barbara Kogerman, Mayor Pro Tempore
Andrew Blount, Council Member**

**Melody Carruth, Council Member
Don Sedgwick, Council Member**

Location: City Council Chamber, 24035 El Toro Road, Laguna Hills, California 92653

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GENERAL BUSINESS - RECONVENING AT 7:00 PM

CALL THE CITY COUNCIL MEETING TO ORDER

Resolution No. 96-04-09-1 established rules of decorum for public meetings held by the City of Laguna Hills. Resolution No. 96-04-09-1 is available on the table at the back of the City Council Chamber.

PLEDGE OF ALLEGIANCE: COUNCIL MEMBER SEDGWICK

ROLL CALL OF CITY COUNCIL MEMBERS

Melody Carruth, Council Member
Don Sedgwick, Council Member
Barbara Kogerman, Mayor Pro Tempore
Dore J. Gilbert, M.D., Mayor

CLOSED SESSION REPORT**1. PRESENTATIONS AND PROCLAMATIONS****1.1 LAGUNA HILLS HIGH SCHOOL STUDENT LIAISON**

RECOMMENDATION: THAT THE CITY COUNCIL RECEIVE AN ORAL REPORT FROM LAGUNA HILLS HIGH SCHOOL STUDENT LIAISON TESSIE MIRAKI.

2. PUBLIC COMMENTS

This is the time to address the City Council on any matter not listed on this Agenda that is within the subject matter jurisdiction of the City Council. Public Comments are limited to three minutes per person, an overall time limit of ten minutes for any one subject, and a total time limit of thirty minutes.

3. CONSENT CALENDAR

All matters listed under "CONSENT CALENDAR" are considered to be routine and will be enacted by one motion approving the recommendation listed on the Agenda. There will be no separate discussion unless Members of the City Council or Staff request specific items be removed from the Consent Calendar.

3.1 WAIVE READING IN FULL OF ALL ORDINANCES AND RESOLUTIONS ON THE AGENDA

RECOMMENDATION: THAT THE CITY COUNCIL WAIVE READING IN FULL OF ALL ORDINANCES AND RESOLUTIONS ON THE AGENDA AND DECLARE THAT SAID TITLES WHICH APPEAR ON THE PUBLIC AGENDA SHALL BE DETERMINED TO HAVE BEEN READ BY TITLE AND FURTHER READING WAIVED.

3.2 APPROVAL OF MINUTES FOR NOVEMBER 10, 2015, REGULAR MEETING

RECOMMENDATION: THAT THE CITY COUNCIL APPROVE THE MINUTES OF THE NOVEMBER 10, 2015, REGULAR MEETING.

3.3 APPROVAL OF WARRANT REGISTER FOR PERIOD ENDED NOVEMBER 24, 2015

RECOMMENDATION: THAT THE CITY COUNCIL APPROVE THE WARRANT REGISTER IN THE AMOUNT OF \$940,143.16.

- 3.4 AMENDMENT NO. 1 TO THE LEASE WITH THE BANC OF CALIFORNIA, A NATIONAL ASSOCIATION, FOR 24031 EL TORO ROAD, SUITE 100B, LAGUNA HILLS, CALIFORNIA

RECOMMENDATION: THAT THE CITY COUNCIL APPROVE AMENDMENT NO. 1 TO THE LEASE WITH THE BANC OF CALIFORNIA, A NATIONAL ASSOCIATION, FOR 24031 EL TORO ROAD, SUITE 100B, LAGUNA HILLS, CALIFORNIA, AND AUTHORIZE THE CITY MANAGER TO EXECUTE THE AMENDMENT.

- 3.5 ANALYSIS OF PARKING CONTROL SURVEY FOR PERMIT PARKING IN THE RIDGEFIELD COMMUNITY NEIGHBORHOOD

RECOMMENDATION: THAT THE CITY COUNCIL RECEIVE AND FILE THIS REPORT.

- 3.6 MEASURE M2 SEVEN YEAR CAPITAL IMPROVEMENT PROGRAM SPREADSHEET ADJUSTMENT

RECOMMENDATION: THAT THE CITY COUNCIL APPROVE THE ADJUSTMENT TO THE MEASURE M2 SEVEN YEAR CAPITAL IMPROVEMENT PROGRAM SPREADSHEET WITH THE ADDITION OF THE LAGUNA HILLS DEBRIS GATES PROJECT, PHASE V.

- 3.7 PROPOSED LEASE WITH BROADVIEW MORTGAGE CORPORATION FOR 24031 EL TORO ROAD, SUITE 203, LAGUNA HILLS, CALIFORNIA

RECOMMENDATION: THAT THE CITY COUNCIL APPROVE THE LEASE WITH BROADVIEW MORTGAGE CORPORATION FOR 24031 EL TORO ROAD, SUITE 203, LAGUNA HILLS, CALIFORNIA, AND AUTHORIZE THE CITY MANAGER TO EXECUTE THE LEASE.

ITEMS REMOVED FROM THE CONSENT CALENDAR

4. PLANNING AGENCY

- 4.1 ROLL CALL OF PLANNING AGENCY MEMBERS
- 4.2 PUBLIC COMMENTS

This is the time to address the Planning Agency on any matter not listed on this Agenda that is within the subject matter jurisdiction of the Planning Agency. Public Comments are limited to three minutes per person, an overall time limit of ten minutes for any one subject, and a total time limit of thirty minutes.

4.3 APPROVAL OF MINUTES FOR NOVEMBER 10, 2015

RECOMMENDATION: THAT THE PLANNING AGENCY APPROVE THE MINUTES OF THE NOVEMBER 10, 2015, REGULAR MEETING.

4.4 ADMINISTRATIVE REPORTS

4.5 PLANNING AGENCY PUBLIC HEARINGS

PLANNING AGENCY ADJOURNMENT

5. CITY COUNCIL PUBLIC HEARINGS

6. ADMINISTRATIVE REPORTS

6.1 City Manager

6.2 Assistant City Manager

6.2.1 COMPENSATION STUDY CONSULTANT SELECTION
PROCESS - APPOINTMENT OF AN AD HOC ADVISORY
COMMITTEE

RECOMMENDATION: THAT THE CITY COUNCIL APPOINT AN AD HOC ADVISORY COMMITTEE COMPOSED SOLELY OF TWO MEMBERS OF THE CITY COUNCIL TO EVALUATE PROPOSALS, CONDUCT INTERVIEWS, AND MAKE A FINAL RECOMMENDATION TO THE CITY COUNCIL REGARDING CONSULTANT SELECTION.

7. MATTERS AGENDIZED AND PRESENTED BY CITY COUNCIL MEMBERS AND MAYOR

8. CITY COUNCIL MEMBER COMMENTS

9. CLOSED SESSION

ADJOURNMENT

The next Regular Meeting of the City Council will be December 8, 2015, in the City Council Chamber, located at 24035 El Toro Road, Laguna Hills, California.

CERTIFICATION

I, MELISSA AU-YEUNG, City Clerk of the City of Laguna Hills, do hereby certify that a copy of the foregoing Agenda was posted at Laguna Hills City Hall, Laguna Hills Community Center, and the Courtyard at La Paz Center by November 20, 2015, at 5:00 P.M.



MELISSA AU-YEUNG, CITY CLERK

November 20, 2015**DATE**

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, you should contact the office of the City Clerk at (949) 707-2635. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to assure accessibility to this meeting.

Materials related to an item on this Agenda submitted to the City Council after distribution of the agenda packet are available for public inspection in the City Clerk's Office at 24035 El Toro Road, Laguna Hills, California, during normal business hours.

City Council Members receive no additional compensation or stipend as a result of simultaneously convening meetings of the Laguna Hills Planning Agency.

**CITY OF LAGUNA HILLS, CALIFORNIA
CITY COUNCIL/PLANNING AGENCY
REGULAR MEETING
MINUTES
NOVEMBER 10, 2015**

CLOSED SESSION - CONVENING AT 6:00 PM

CALL TO ORDER

ROLL CALL

Present: Mayor Gilbert, Mayor Pro Tempore Kogerman, Council Member Carruth, Council Member Sedgwick

Absent: Council Member Blount

ANNOUNCEMENT OF CLOSED SESSION ITEMS

A. PUBLIC EMPLOYEE PERFORMANCE EVALUATION

Pursuant to Government Code Section 54957(b)(1)
Public Employee Title: City Manager - Annual Performance Evaluation

PUBLIC COMMENT ON CLOSED SESSION ITEMS

There were no Public Comments.

ADJOURN TO CITY COUNCIL CONFERENCE ROOM

CONVENE INTO CLOSED SESSION

RECONVENE TO CITY COUNCIL CHAMBER

RECESS

GENERAL BUSINESS - RECONVENING AT 7:00 PM

CALL TO ORDER

Mayor Gilbert called the Regular Meeting of the City Council of the City of Laguna Hills, California, to order at 7:03 p.m. in the Laguna Hills City Council Chamber, 24035 El Toro Road, Laguna Hills, California.

ROLL CALL OF CITY COUNCIL MEMBERS

Present: Mayor Gilbert, Mayor Pro Tempore Kogerman, Council Member Blount, Council Member Carruth, Council Member Sedgwick

CLOSED SESSION REPORT**A. PUBLIC EMPLOYEE PERFORMANCE EVALUATION**

Mayor Gilbert stated that the City Council met in Closed Session this evening to conduct the Annual Performance Evaluation for the City Manager. No reportable action was taken as a result of tonight's Closed Session meeting.

PLEDGE OF ALLEGIANCE: MAYOR PRO TEMPORE KOGERMAN**1. PRESENTATIONS AND PROCLAMATIONS****1.1 LAGUNA HILLS HIGH SCHOOL STUDENT LIAISON**

THE CITY COUNCIL RECEIVED AN ORAL REPORT FROM LAGUNA HILLS HIGH SCHOOL STUDENT LIAISON TESSIE MIRAKI.

1.2 LAGUNA HILLS 3/5 MARINE SUPPORT COMMITTEE

COMMITTEE MEMBER RICHARD NAGLE PROVIDED AN UPDATE ON THE STATUS OF THE 3/5 DARK HORSE COMMITTEE.

2. PUBLIC COMMENTS**LAGUNA HILLS MOBILE OFFICE HOURS – CONGRESSWOMAN MIMI WALTERS**

Kate Randle, District Representative with Congresswoman Mimi Walters office, stated that Congresswoman Walters will be holding office hours on Thursday, December 3, 2015, at the Laguna Hills City Hall to meet with local residents and assist them with federal casework issues dealing with Veterans Affairs, Social Security, IRS, immigration/passports, housing, grants, DC tours, and more.

ANIMAL CARE SERVICES

Sandra Way, a resident of Laguna Hills, stated that she is in support of the City of Laguna Hills partnering with a "no kill" animal shelter such as the City of Mission Viejo or City of Irvine.

Fran Tardiff, a resident of Laguna Hills, stated that she was impressed with the thoughtful discussion regarding animal care services at the October 27, 2015, City Council meeting, and voiced her concerns regarding OC Animal Care operations. Ms. Tardiff requested that the City negotiate to provide a more humane approach to animal care services than the current operations provide.

3. CONSENT CALENDAR

MOTION TO APPROVE THE CONSENT CALENDAR, WITH MAYOR GILBERT REMOVING ITEM NO. 3.4, AND COUNCIL MEMBER BLOUNT REMOVING ITEM NO. 3.2, BY M/COUNCIL MEMBER CARRUTH, S/MAYOR GILBERT. APPROVED BY A VOTE OF 5-0.

3.1 WAIVE READING IN FULL OF ALL ORDINANCES AND RESOLUTIONS ON THE AGENDA

THE CITY COUNCIL WAIVED READING IN FULL OF ALL ORDINANCES AND RESOLUTIONS ON THE AGENDA AND DECLARED THAT SAID TITLES WHICH APPEAR ON THE PUBLIC AGENDA SHALL BE DETERMINED TO HAVE BEEN READ BY TITLE AND FURTHER READING WAIVED.

3.3 APPROVAL OF WARRANT REGISTER FOR PERIOD ENDED NOVEMBER 10, 2015

THE CITY COUNCIL APPROVED THE WARRANT REGISTER IN THE AMOUNT OF \$683,337.98.

3.5 PROGRESS PAYMENT NO. 4 AND CONTRACT CHANGE ORDER NO. 1 FOR LAGUNA HILLS COMMUNITY CENTER SOFTBALL FIELD IMPROVEMENTS PROJECT, CIP NO. 240

THE CITY COUNCIL APPROVED PROGRESS PAYMENT NO. 4, IN THE NET AMOUNT OF \$72,556.99, TO LEHMAN CONSTRUCTION AND APPROVED CONTRACT CHANGE ORDER NO. 1, FOR LAGUNA HILLS COMMUNITY CENTER SOFTBALL FIELD IMPROVEMENTS PROJECT, CIP NO. 240.

3.6 COOPERATIVE AGREEMENT NO. C-5-3591 BETWEEN ORANGE COUNTY TRANSPORTATION AUTHORITY AND CITY OF LAGUNA HILLS FOR THE ARTERIAL PAVEMENT MANAGEMENT PROGRAM PROJECT, CIP NO. 175

THE CITY COUNCIL APPROVED COOPERATIVE AGREEMENT NO. C-5-3591 BETWEEN ORANGE COUNTY TRANSPORTATION AUTHORITY AND CITY OF LAGUNA HILLS FOR THE ARTERIAL PAVEMENT MANAGEMENT PROGRAM PROJECT, CIP NO. 175, AND AUTHORIZED THE CITY MANAGER TO EXECUTE THE AGREEMENT.

3.7 COOPERATIVE AGREEMENT NO. 12-717 BETWEEN THE STATE OF CALIFORNIA AND THE CITY OF LAGUNA HILLS FOR GENERAL TRAFFIC SIGNAL SYNCHRONIZATION, CIP NO. 168E, LA PAZ ROAD AT I-5

THE CITY COUNCIL APPROVED COOPERATIVE AGREEMENT NO. 12-717 BETWEEN THE STATE OF CALIFORNIA AND THE CITY OF LAGUNA HILLS FOR GENERAL TRAFFIC SIGNAL SYNCHRONIZATION, CIP NO. 168E, LA PAZ ROAD AT I-5, AND AUTHORIZED THE CITY MANAGER TO EXECUTE THE AGREEMENT.

3.8 PROGRESS PAYMENT NO. 1 FOR CIVIC CENTER SITE IMPROVEMENTS

THE CITY COUNCIL APPROVED PROGRESS PAYMENT NO. 1, IN THE NET AMOUNT OF \$263,616.45, TO HARDY AND HARPER, INC. FOR CIVIC CENTER SITE IMPROVEMENTS PROJECT.

3.9 CIVIC CENTER 1ST QUARTER FINANCIAL REPORT FOR FISCAL YEAR 2015/2016

THE CITY COUNCIL RECEIVED AND FILED THE REPORT.

ITEMS REMOVED FROM THE CONSENT CALENDAR

3.2 APPROVAL OF MINUTES FOR OCTOBER 27, 2015, REGULAR MEETING

Council Member Blount removed Item No. 3.2 from the Consent Calendar due to his absence at the October 27, 2015, Regular Meeting.

THE CITY COUNCIL APPROVED THE MINUTES OF THE OCTOBER 27, 2015, REGULAR MEETING, BY M/MAYOR PRO TEMPORE KOGERMAN, S/COUNCIL MEMBER CARRUTH.

APPROVED BY A VOTE OF 4-0 WITH COUNCIL MEMBER BLOUNT ABSTAINING.

3.4 BECKENHAM STREET PARKING REGULATIONS

Mayor Gilbert removed Item No. 3.4 from the Consent Calendar for discussion due to Public Comments.

Public Services Director Rosenfield reviewed the information provided in the Staff Report.

Dave Elkins, a resident of Laguna Hills, stated that he is opposed to restricting parking on Beckenham Street.

Hugh Meador, a resident of Acacia Knolls, stated that he is opposed to restricting parking on Beckenham Street.

Mary Pruitt, a resident of the Acacia Knolls neighborhood, is in support of staff's recommendation and also supports establishing a parking permit regulation.

THE CITY COUNCIL ADOPTED RESOLUTION NO. 2015-11-10-1, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, ESTABLISHING A NO PARKING ZONE FROM 10:00 P.M. TO 6:00 A.M. ON THE SOUTH SIDE OF BECKENHAM STREET FROM 165 FEET EAST OF ACACIA LANE TO 405 FEET EASTERLY THEREOF, BY M/COUNCIL MEMBER SEDGWICK, S/COUNCIL MEMBER CARRUTH. APPROVED BY A VOTE OF 4-1, COUNCIL MEMBER BLOUNT VOTING NO.

4. PLANNING AGENCY

Mayor Gilbert recessed the City Council meeting and acting in the capacity of Chair, called the regular meeting of the Planning Agency of the City of Laguna Hills, California to order at 7:38 p.m.

4.1 ROLL CALL OF PLANNING AGENCY MEMBERS

Present: Chair Gilbert, Vice Chair Kogerman, Agency Member Blount, Agency Member Carruth, Agency Member Sedgwick

4.2 PUBLIC COMMENTS

There were no Public Comments.

4.3 APPROVAL OF MINUTES FOR OCTOBER 27, 2015

THE PLANNING AGENCY APPROVED THE MINUTES OF THE OCTOBER 27, 2015, REGULAR MEETING, BY M/VICE CHAIR KOGERMAN, S/AGENCY MEMBER CARRUTH. APPROVED BY A VOTE OF 4-0 WITH AGENCY MEMBER BLOUNT ABSTAINING.

4.4 ADMINISTRATIVE REPORTS

There were no Administrative Reports.

4.5 PLANNING AGENCY PUBLIC HEARINGS

There were no Planning Agency Public Hearings.

PLANNING AGENCY ADJOURNMENT

Mayor Gilbert reconvened the City Council meeting at 7:39 p.m. All Council Members were present.

5. CITY COUNCIL PUBLIC HEARINGS

There were no City Council Public Hearings.

At this time Mayor Gilbert called for Public Comments from a resident arriving after the Public Comments portion of the meeting.

TREE ISSUES

Pauline Eatherly, a resident of Laguna Hills, addressed the City Council regarding her concerns about the overgrown eucalyptus trees behind her home located at 24966 Silver Leaf.

6. ADMINISTRATIVE REPORTS

6.1 City Manager

There was no City Manager Report.

7. MATTERS AGENDIZED AND PRESENTED BY CITY COUNCIL MEMBERS AND MAYOR

There were no matters agendized and presented by City Council Members and Mayor.

8. CITY COUNCIL MEMBER COMMENTS

COUNCIL MEMBER BLOUNT

Council Member Blount stated that he has concerns regarding overgrown trees within the community and shared a few incidents with falling trees and broken branches he recently observed.

COUNCIL MEMBER SEDGWICK

Council Member Sedgwick stated that he also has concerns regarding eucalyptus trees in his neighborhood. Council Member Sedgwick reported that he attended the Trauma Intervention Program (TIP), "Heroes with Heart," on Thursday, November 5, 2015, and stated that it was a great event.

MAYOR PRO TEMPORE KOGERMAN

Mayor Pro Tempore Kogerman reported that the Orange County Council of Governments (OCCOG) has an interim Executive Director in place while searching for a new Executive Director to replace Gwen Norton-Perry. Mayor Pro Tempore Kogerman also encouraged Council Members to attend the upcoming South Orange County Economic Coalition (SOCEC) event to be held on Friday, February 5, 2016.

ADJOURNMENT

There being no further business at the City Council at this session, Mayor Gilbert adjourned the City Council at 7:52 p.m.

MELISSA AU-YEUNG, CITY CLERK

ATTEST:

DORE J. GILBERT, M.D., MAYOR

APPROVED AT MEETING OF NOVEMBER 24, 2015.



City of Laguna Hills City Council Meeting Agenda Staff Report

DATE: NOVEMBER 24, 2015
TO: MAYOR AND COUNCIL MEMBERS
FROM: DONALD J. WHITE, ASSISTANT CITY MANAGER
ISSUE: APPROVAL OF WARRANT REGISTER FOR PERIOD ENDED
NOVEMBER 24, 2015.

RECOMMENDATION: THAT THE CITY COUNCIL APPROVE THE WARRANT REGISTER IN THE AMOUNT OF \$940,143.16.

SUMMARY:

In accordance with Government Code Section 37202, the attached Warrant Register reflects the disbursements of the City of Laguna Hills for the period reported thereon. The Assistant City Manager certifies and attests to its accuracy and the availability of funds for the payment thereof. These warrants are hereby submitted to the City Council for approval of payment.

Prepared by:

JANICE MATEO REYES
Finance Manager

Certified:


DONALD J. WHITE
Assistant City Manager

11-18-15
DATE

FISCAL IMPACT:

The warrant register total is \$940,143.16.

ATTACHMENTS:

1. Warrant Register

Check Register Report

Warrant Register 11/24/15

Date: 11/17/2015

Time: 9:50 am

Page: 1

CITY OF LAGUNA HILLS

BANK: UNION BANK- GENERAL

Check Number	Check Date	Status	Void/Stop Date	Vendor Number	Vendor Name	Check Description	Amount
UNION BANK- GENERAL Checks							
8810059	11/06/2015	Printed		A-0277	ALICEA, MIA	Contract Inst Svcs., Dance	1,176.00
8810060	11/06/2015	Printed		M-1502	MIGLIACCIO, JENNIFER	Cntr Inst Svcs Early Childhood	5,320.00
8810061	11/16/2015	Printed		A-0360	ARC DOCUMENT SOLUTIONS, LLC	Printing Services, Engineering	38.85
8810062	11/16/2015	Printed		A-0327	ASSOCIATION OF CA CITIES -OC	Membership, 2016	9,981.25
8810063	11/16/2015	Printed		A-0304	AU-YEUNG, MELISSA	Travel Reimb., MMASC, Oct '15	130.53
8810064	11/16/2015	Printed		B-0304	BEE MAN, THE	Bee Removal, Pub Svcs, Oct	125.00
8810065	11/16/2015	Printed		C-0412	C&D ELECTRIC, INC.	Park Repairs, Pub Svcs, Nov	476.49
8810066	11/16/2015	Printed		C-1168	CAPITAL ONE COMMERCIAL	Program Expense, CS, Oct '15	137.61
8810067	11/16/2015	Printed		C-0408	CARL WARREN & COMPANY	Processing Fee, Sml Claims Oct	1,019.24
8810068	11/16/2015	Printed		C-1096	CODE PUBLISHING COMPANY, INC.	Municipal Code Web Hosting	350.00
8810069	11/16/2015	Printed		C-1139	COMPLETE OFFICE OF CALIFORNIA	Computer & Office Supplies, Nov	126.50
8810070	11/16/2015	Printed		C-1136	CORELOGIC INFORMATION SOLUTION	GSI System, Services	9,550.00
8810071	11/16/2015	Printed		C-0023	COX COMMUNICATION	WiFi Svcs, CC, Nov '15	130.00
8810072	11/16/2015	Printed		C-1146	CYBERSOURCE CORPORATION	Gateway Expense, Oct '15	29.00
8810073	11/16/2015	Printed		D-0410	DMV	Registration Ren, Trailer, PW	25.00
8810074	11/16/2015	Printed		D-0561	DOCU-TRUST	Offsite Data Storage, Oct '15	86.00
8810075	11/16/2015	Printed		D-0552	DUNBAR ARMORED, INC.	Courier Fee, Armored Trans, Nov	135.04
8810076	11/16/2015	Printed		E-0595	ECLIPSE MESSENGER SERVICE, INC	Delivery Service, Oct '15	24.61
8810077	11/16/2015	Printed		E-0554	ECONOMICS, INC.	Prof Svcs, Recycling Prog, Oct	7,501.25
8810078	11/16/2015	Printed		E-0593	EISENBERG, DALE	Contract Inst Svcs., Aikido	1,032.50
8810079	11/16/2015	Printed		E-0504	EL TORO WATER DISTRICT	Water Usage, Parks, Sep	13,165.32
8810080	11/16/2015	Printed		E-0553	ELKINS, CHRISTINA	Contract Inst Svcs., Dance	291.20
8810081	11/16/2015	Printed		E-0587	EMC DESIGN	Prof Fees, Comb. Issue, Winter	3,570.00
8810082	11/16/2015	Printed		F-0717	FIELDTURF, USA, INC.	Progress Payment # 2 CIP # 240	97,840.71
8810083	11/16/2015	Printed		G-0791	GORMAN, RON	Contract Inst Svcs, Guitar	112.00
8810084	11/16/2015	Printed		J-1057	JAMEY CLARK, INC.	Park Repairs & CIP 240	2,837.48
8810085	11/16/2015	Printed		J-1071	JCTEES.COM CORPORATION	Program Supplies, CS, Oct '15	122.94
8810086	11/16/2015	Printed		K-1103	KUSTOM SIGNALS, INC.	Oper Supplies, Radar Trailer	31.49
8810087	11/16/2015	Printed		C-1007	LAW ENFORCEMENT	Law Enforcement Svcs, Nov '15	575,972.38
8810088	11/16/2015	Printed		M-1552	MARTIN-RUSK, DINA	Contract Instr Svcs, Zumba	501.90
8810089	11/16/2015	Printed		M-1302	MOULTON NIGUEL WATER DISTRICT	Water Usage, Pub Svcs, Sep-Oct	24,687.80
8810090	11/16/2015	Printed		N-1474	NIEVES LANDSCAPE, INC.	Monthly Landscape, Nov '15	74,609.24
8810091	11/16/2015	Printed		N-1487	NUVIS	Reimbursable Planning Fees	1,748.00
8810093	11/16/2015	Printed		O-1546	OFFICE SOLUTIONS	Office/Operating Supplies	599.01
8810094	11/16/2015	Printed		O-1575	ORANGE COUNTY REGISTER-FREEDOM	Legal Advertising, Oct '15	143.55
8810095	11/16/2015	Printed		R-1964	REFUND, COMMUNITY DEV FEES	Refund, Pool Bond, CR# 51183	250.00
8810096	11/16/2015	Printed		R-1964	REFUND, COMMUNITY DEV FEES	Refund, Fire Fees, CR# 51990	350.63
8810097	11/16/2015	Printed		R-1889	REFUND, FACILITY RENTAL DEPOSIT	M. Dewindt, V# 2003621.002	12.50
8810098	11/16/2015	Printed		R-1889	REFUND, FACILITY RENTAL DEPOSIT	South Coast Out., V#2003619.002	500.00
8810099	11/16/2015	Printed		R-1889	REFUND, FACILITY RENTAL DEPOSIT	K. Bathe, V# 2003617.002	500.00
8810100	11/16/2015	Printed		R-1946	RK ENGINEERING GROUP, INC.	Reimbursable Fees, Five Laguna	5,242.50
8810101	11/16/2015	Printed		R-1813	RPW SERVICES, INC.	Rodent Control, Pub Svcs, Oct	1,560.00
8810102	11/16/2015	Printed		S-1902	SAN DIEGO GAS & ELECTRIC	ST Lites, Oct '15	13,921.53
8810103	11/16/2015	Printed		S-2188	SCANNING SERVICE CORPORATION	Document Imaging Services, Oct	13,116.47
8810104	11/16/2015	Printed		S-2194	SECURE LIVE SCAN	Pre-employment Fingerprinting	20.00
8810105	11/16/2015	Printed		S-1949	SMART & FINAL	Program & Office Supplies	107.82
8810106	11/16/2015	Printed		S-2253	SOCAL OFFICE TECHNOLOGIES-LEAS	Lease-Copier, CC, Nov '15	1,062.31
8810107	11/16/2015	Printed		S-1904	SOUTHERN CALIFORNIA EDISON	ST Lites & TC, Oct '15	9,872.33

Check Register Report

Warrant Register 11/24/15

Date: 11/17/2015

Time: 9:50 am

Page: 2

CITY OF LAGUNA HILLS

BANK: UNION BANK- GENERAL

Check Number	Check Date	Status	Void/Stop Date	Vendor Number	Vendor Name	Check Description	Amount
UNION BANK- GENERAL Checks							
8810108	11/16/2015	Printed		S-1980	STATE DEPARTMENT OF JUSTICE	Pre-employment Fingerprinting	96.00
8810109	11/16/2015	Printed		S-1940	STATE WATER RESOURCES CONTROL	App Fee Index 255489 & 258340	23,182.00
8810110	11/16/2015	Printed		S-2201	SUNSET PROPERTY SERVICES	Street Sweeping, Oct '15	10,298.19
8810111	11/16/2015	Printed		U-2165	UNDERGROUND SERVICE ALERT	Street Maintenance, Oct '15	82.50
8810112	11/16/2015	Printed		U-2163	USA DANCE, INC.	Contract Inst Svcs, Dancing	133.00
8810113	11/16/2015	Printed		V-2224	VERIZON WIRELESS	Communication Expense, Oct '15	920.82
8810114	11/16/2015	Printed		W-2337	WEST COAST ARBORISTS, INC.	Tree Trimming, Oct '15	21,853.00
8810115	11/16/2015	Printed		W-2302	WEST PUBLISHING CORPORATION	Subscription, City Clk, Oct	193.67
8810116	11/16/2015	Printed		W-2426	WHITE NELSON DIEHL EVANS LLP	Partial Audit Fee 14/15	3,000.00
8810117	11/16/2015	Printed		W-2377	WILLDAN ENGINEERING	Reimb. Devloper Fees, 5 Laguna	240.00

Total Checks: 58

Checks Total (excluding void checks):

940,143.16

Total Payments: 58

Bank Total (excluding void checks):

940,143.16

Total Payments: 58

Grand Total (excluding void checks):

940,143.16



City of Laguna Hills

City Council Meeting Agenda

Staff Report

DATE: NOVEMBER 24, 2015

TO: MAYOR AND COUNCIL MEMBERS

FROM: DONALD J. WHITE
ASSISTANT CITY MANAGER

ISSUE: AMENDMENT NO. 1 TO THE LEASE WITH THE BANC OF CALIFORNIA, A NATIONAL ASSOCIATION, FOR 24031 EL TORO ROAD, SUITE 100B, LAGUNA HILLS, CALIFORNIA

RECOMMENDATION: THAT THE CITY COUNCIL APPROVE AMENDMENT NO. 1 TO THE LEASE WITH THE BANC OF CALIFORNIA, A NATIONAL ASSOCIATION, FOR 24031 EL TORO ROAD, SUITE 100B, LAGUNA HILLS, CALIFORNIA, AND AUTHORIZE THE CITY MANAGER TO EXECUTE THE AMENDMENT.

SUMMARY:

On April 28, 2015, the City Council approved a lease with Banc of California for suite 100B at the Civic Center. Since that time the tenant has completed its tenant improvements and is scheduled to open for business on November 23, 2015. The primary purpose of this Amendment is to clarify tenant signage. Staff has negotiated a sign program with the tenant that in staff's view is potentially less overall signage than was allowed in the original lease; therefore, it is appropriate to amend the lease to specify the negotiated sign program. A copy of the sign program is attached to Amendment No. 1 as Exhibit A. Finally, this Amendment affords the City the opportunity to establish a firm commencement date of November 1, 2015. The City Attorney has prepared the attached Amendment No. 1 to the lease with Banc of California. Staff is recommending approval.

FISCAL IMPACT:

There is no fiscal impact associated with this Amendment.

ATTACHMENTS:

- Amendment No. 1

AMENDMENT NO. 1
TO
STANDARD MULTI-TENANT OFFICE LEASE AGREEMENT
Banc of California, a National Association
(Laguna Hills Civic Center Office Building, Suite 100B)

THIS FIRST AMENDMENT to the Standard Multi-Tenant Office Lease Agreement with Banc of California (the "Amendment") is made and entered into to be effective this 24th day of November 2015, by and between the CITY OF LAGUNA HILLS, a municipal corporation organized and existing under the laws of the State of California, (hereinafter referred to as "Lessor") and BANC OF CALIFORNIA., a National Association, (hereinafter referred to as "Lessee"). Lessor and Lessee are sometimes hereinafter individually referred to as "Party" and are hereinafter collectively referred to as "Parties".

RECITALS

A. Lessor and Lessee previously entered into that certain multi-tenant office lease agreement for the Premises commonly known as 24031 El Toro Road, Suite 100B, consisting of approximately 2,394 square feet, which was made and entered into on April 28, 2015 (the "Lease"), and which may be duly amended, in writing, from time to time by the Parties. Section 46 of the Lease (Amendments) provides that the Lease may be amended in writing at any time by mutual consent of the Parties. Unless otherwise specified herein, capitalized terms used in this Amendment shall have the same meaning as ascribed to them in the Lease.

B. Lessor and Lessee now desire to modify certain terms and conditions of the Lease, as set forth in this Amendment.

NOW, THEREFORE, in consideration of the mutual promises and covenants herein, the Parties agree as follows:

AGREEMENT

1. Amendment to Section 1.3, entitled "Term" of the Lease: Section 1.3 of the Lease is hereby amended and restated in its entirety to read as follows:

"1.3 **Term.** Five years and n/a months ("**Original Term**") commencing on November 1, 2015 ("**Commencement Date**") and ending 60 months after commencement ("**Expiration Date**"). (See also Paragraph 3.)"

2. Amendment to Section 53, entitled "Tenant Signage," of the Lease. Section 53 of the Lease is hereby amended and restated in its entirety to read as follows:

"53. **Tenant Signage.** Lessee shall have the right to install and maintain at its sole cost and expense exterior commercial signage advertising Lessee's business name during the Term of this Lease as described, depicted and set forth in Exhibit "A" attached to Lease

Amendment No. 1, which exhibit is incorporated into the Lease as though fully set forth herein and made part of the Lease.” Exhibit “A,” entitled Approved Exterior Commercial Sign Program, is attached to this Amendment and is incorporated herein by reference.

3. Full Force and Effect. This Amendment is supplemental to the Lease and is by reference made part of said Lease. All of the terms, conditions, and provisions, thereof, unless specifically modified herein, shall continue in full force and effect. In the event of any conflict or inconsistency between the provisions of this Amendment and any provisions of the Lease, the provisions of this Amendment shall in all respects govern and control.
4. Recitals. The above-referenced Recitals are hereby incorporated into this Amendment as though fully set forth herein and made part of the Lease and each Party acknowledges and agrees that such Party is bound, for purposes of the Lease, by the same.
5. Corporate Authority. Each of the undersigned represents and warrants that (i) the Party for which he/she is executing this Amendment is duly authorized and existing, (ii) he/she is duly authorized to execute and deliver this Amendment on behalf of the Party for which he/she is signing, (iii) by so executing this Amendment, the Party for which he/she is signing is formally bound to the provisions of this Amendment, and (iv) the entering into this Amendment does not violate any provision of any other agreement to which the Party for which he/she is signing is bound.

[SIGNATURES ON NEXT PAGE]

IN WITNESS WHEREOF, the Parties have executed and entered into this Amendment to the Lease as of the date first written above.

"LESSOR"

CITY OF LAGUNA HILLS, a California
municipal corporation

By: _____
BRUCE E. CHANNING, CITY MANAGER

ATTEST:

By: _____
Melissa Au-Yeung, City Clerk

APPROVED AS TO FORM:

By: _____
Gregory E. Simonian, City Attorney

"LESSEE"

BANC OF CALIFORNIA, a Nation Association

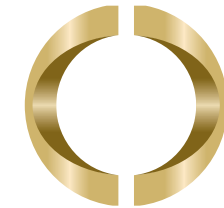
By: _____
Name: MS. SIMA PARSA
Its: Senior Vice President of Corporate
Real Estate and Procurement

By: _____
Name: RONALD J. NICOLAS
Its: Executive Vice President/
Chief Financial Officer

EXHIBIT “A”

APPROVED EXTERIOR COMMERCIAL SIGN PROGRAM

Presented to:



BANC OF
CALIFORNIA

24033 El Toro Road
Suite 130
Laguna Hills, California 92654

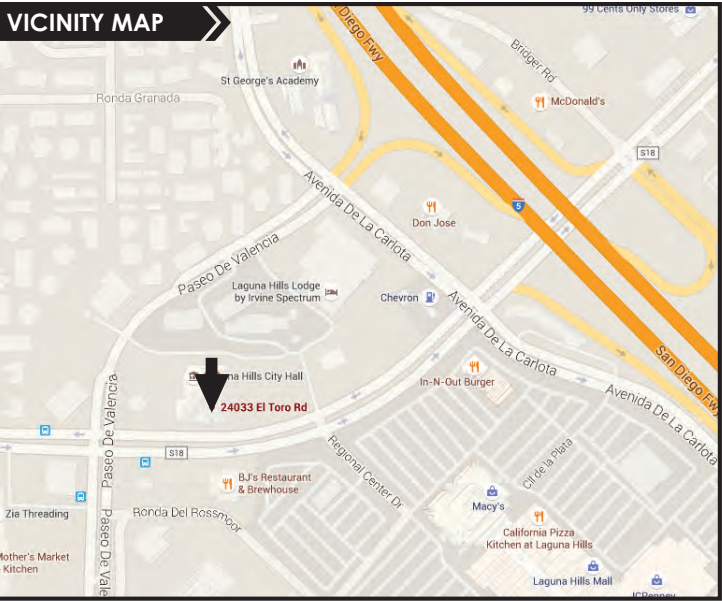
150651-09P

INTEGRATED SIGN ASSOCIATES

1160 Pioneer Way, Suite M
El Cajon, California 92020-1944
P | 619.579.2229 F | 619.579.7651
www.isasign.com | info@isasign.com

11/24/2015 ITEM NO. 3.4

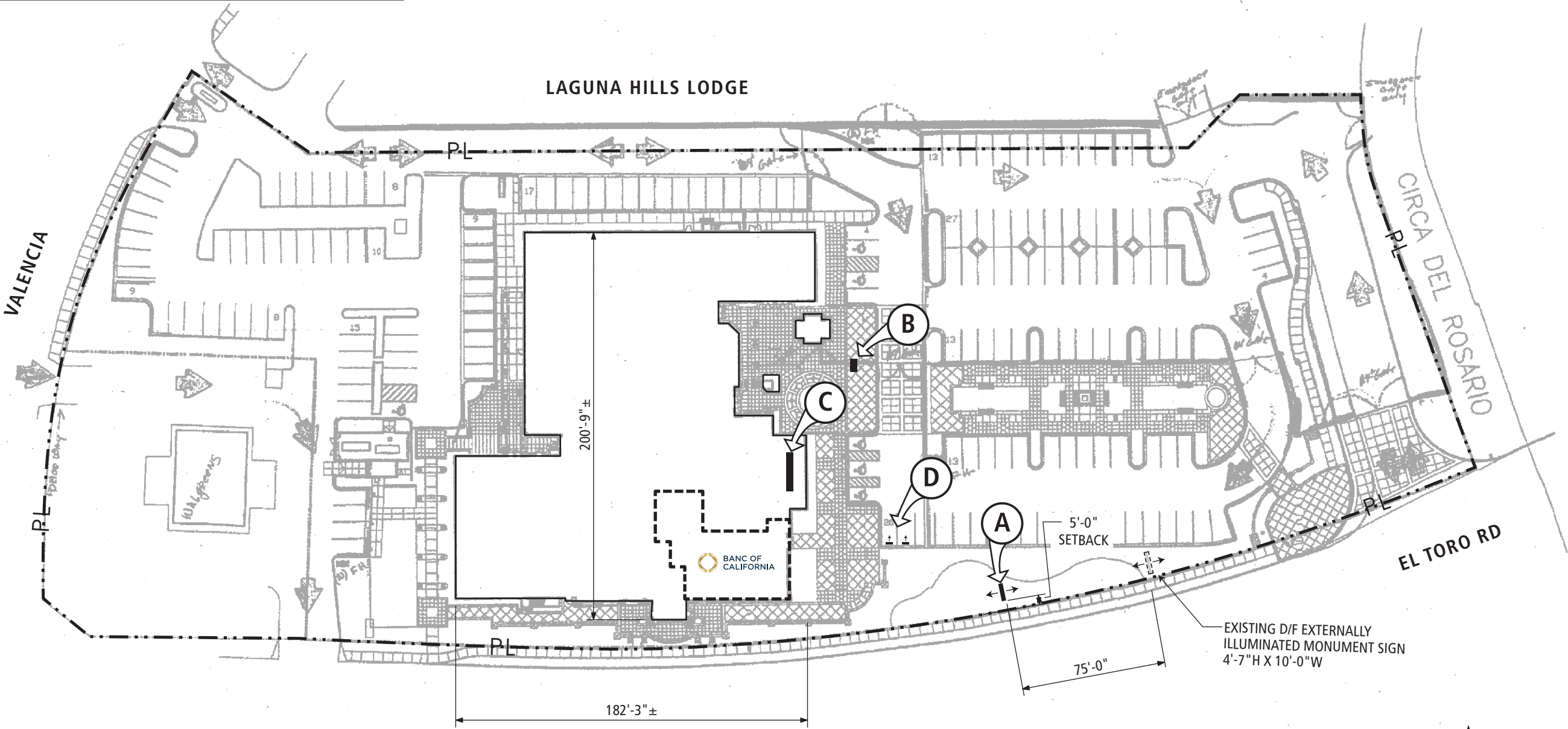
11/24/2015 ITEM NO. 3.4



- LEGEND:**
- (A)** EXTERNALLY ILLUMINATED MONUMENT SIGN. 3'-4" H X 6'-7".
 - (B)** NON-ILLUMINATED FCO LETTERS. 1 7/8" H LTRS. @ 1'-5" OVERALL STRETCHOUT.
 - (C)** HALO-LIT CHANNEL LOGO/LETTERS. 2'-2" H LOGO, 10 7/16" H LTRS. @ 17'-3 3/8"
 - (D)** NON-ILLUMINATED S/F "ATM PARKING ONLY" POST & PANEL SIGNS (TYP. OF 2).

ADDRESS:
24033 EL TORO ROAD, STE. 130
LAGUNA HILLS, CA 92654

LEGAL DESCRIPTION:
APN#: 616-031-13
PARCEL MAP BOOK 14
PAGE 24 PARCEL 2



SITE PLAN

SCALE: 1" = 60'-0"



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El Cajon, California 92020-1944
P | 619.579.2229 F | 619.579.7651
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Project No. **150651-09P**

Project:



24033 El Toro Road
Suite 130
Laguna Hills, CA 92654

Customer Approval:

Date:

Revision:		
7	TA - rev key/signs	11.12.15

ORIGINAL CONCEPT

This design is the exclusive property of Integrated Sign Associates and cannot be reproduced in whole or part without their prior written consent.

Salesman: **Aaron Clippinger**

Designer: **ArnieM.**

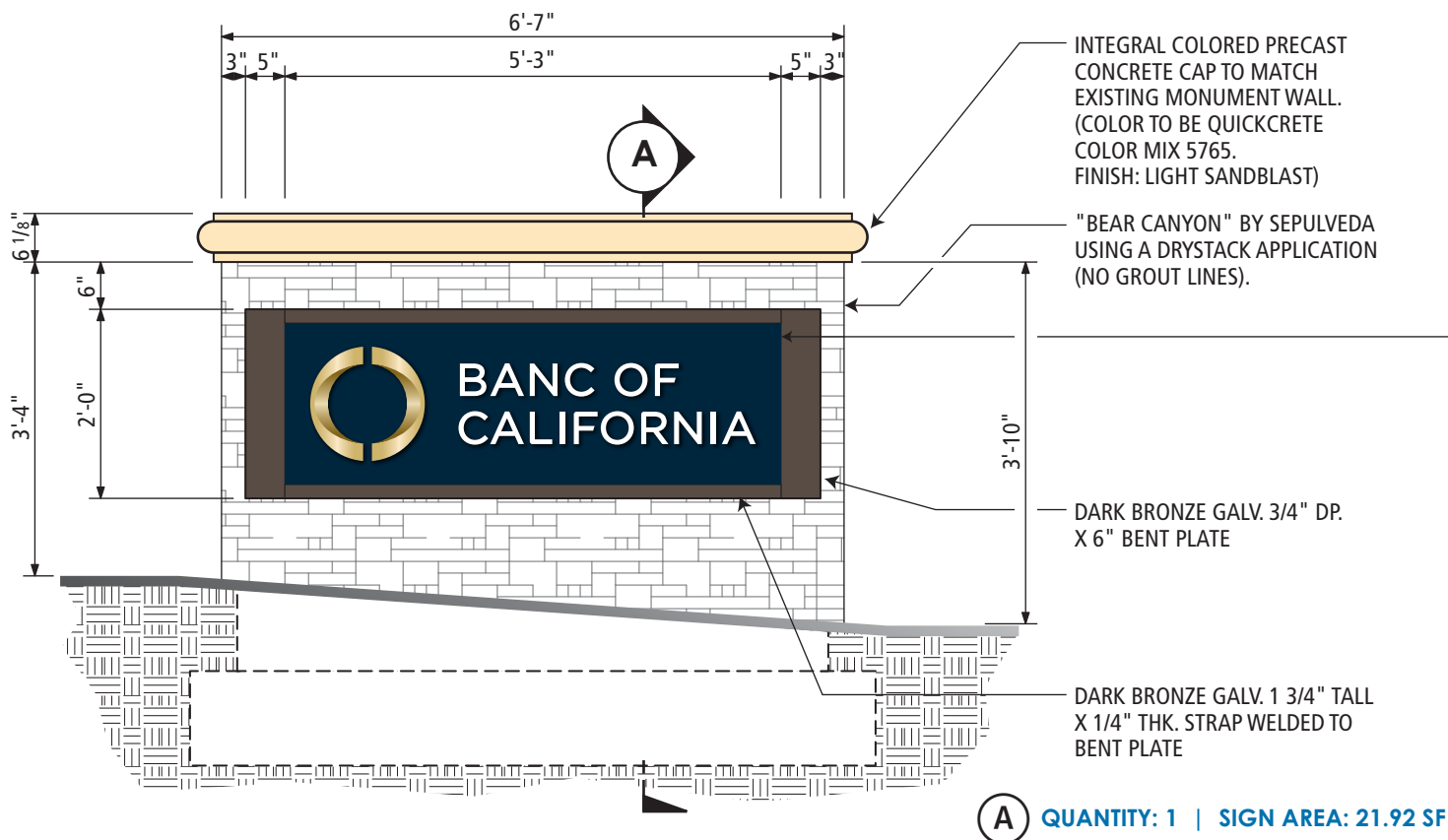
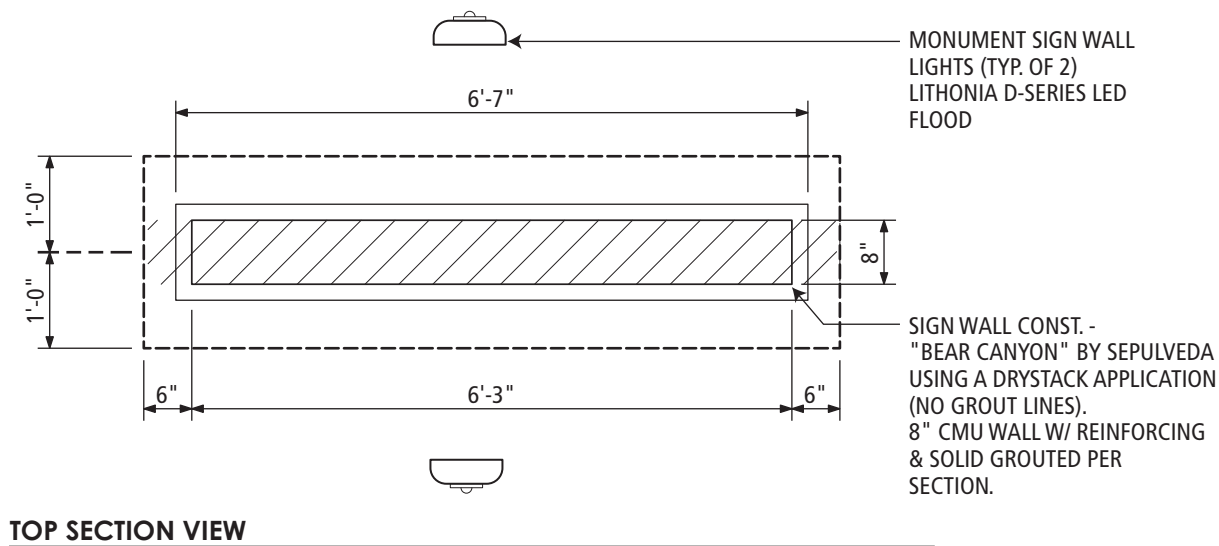
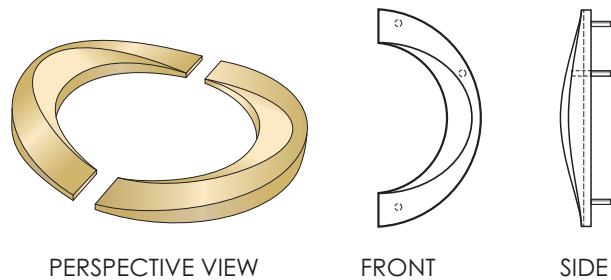
Date: **August 05, 2015**

Scale: **As noted**

Sheet No.: **1 / 6**

PMS 2965 DEEP BLUE

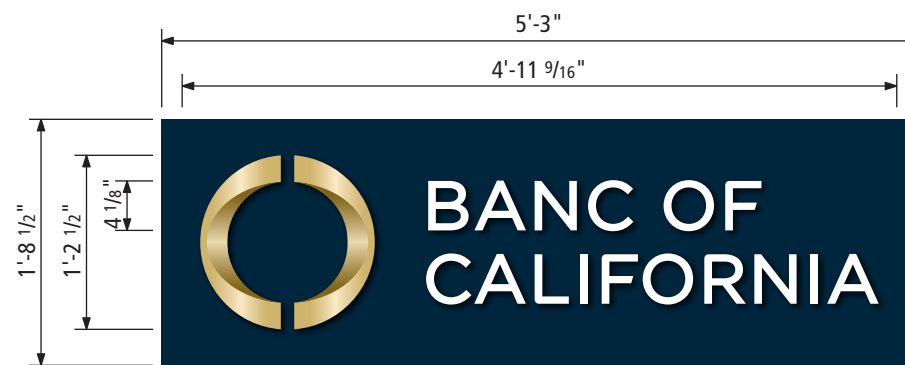
MATTHEWS PAINT MP 21110
HEATHER
GOLD METALLIC LRV24



D/F EXTERNALLY ILLUMINATED MONUMENT SIGN

SCALE: 1/2" = 1'-0"

SAMPLE MONUMENT SIGN



BACKGROUND PANEL:

.090" THK. ALUMINUM BACKGROUND
PANEL PAINTED TO MATCH PMS 2965
DEEP BLUE.

LOGO -

PRISMATIC SHAPE CARVED HDF LOGO.
ALL ELEMENTS SANDED AND FILED FOR
SMOOTH, BURR-FREE FINISH. FACES &
EDGES PAINTED TO MATCH MATTHEWS
HEATHER GOLD METALLIC.
INSTALL - 2" STUD MOUNT W/ 3/8"
STAND-OFF FROM BACKGROUND PANEL.

LETTERS -

3/8" THK. FCO WHITE ACRYLIC LETTERS.
STUD MOUNT W/ 1/4" STAND-OFF FROM
BACKGROUND PANEL.

INTEGRAL COLORED PRECAST
CONCRETE CAP TO MATCH
EXISTING MONUMENT WALL.
(COLOR TO BE QUICKCRETE
COLOR MIX 5765.
FINISH: LIGHT SANDBLAST)

SOLID GROUTED 8" CMU
WALL W/ #4 DOWELS (V) @
16" O.C. ALTERNATE BENDS
AT FTG.

2 #4 @ 24" O.C. HORIZ.

FINISH GRADE

"BEAR CANYON" BY SEPULVEDA USING A
DRYSTACK APPLICATION
(NO GROUT LINES)

3'-10"

1'-6"

1'-0"

2'-0"

A

SECTION DETAIL

SCALE: 1/2" = 1'-0"

visual communications for a changing world

1160 Pioneer Way, Suite M
El Cajon, California 92020-1944
P | 619.579.2229 F | 619.579.7651
www.isasign.com | info@isasign.com

Project No. **150651-09P**

Project:



24033 El Toro Road
Suite 130
Laguna Hills, CA 92654

Customer Approval:

Date:

Revision:

3 9.9.15 OL - revised to new monument

6 10.22.15 OL - revised size of mon.

8 11.17.15 OL - revised specs. per city

△

△

△

△

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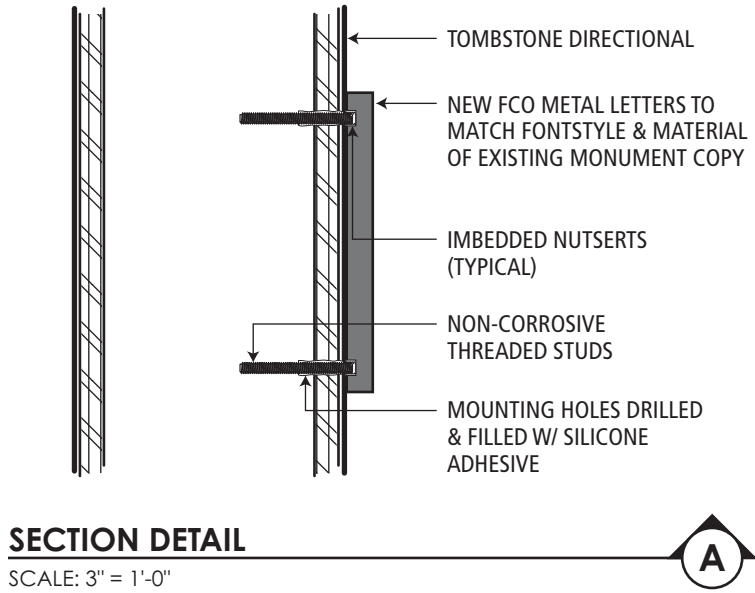
Salesman: **Aaron Clippinger**

Designer: **ArnieM.**

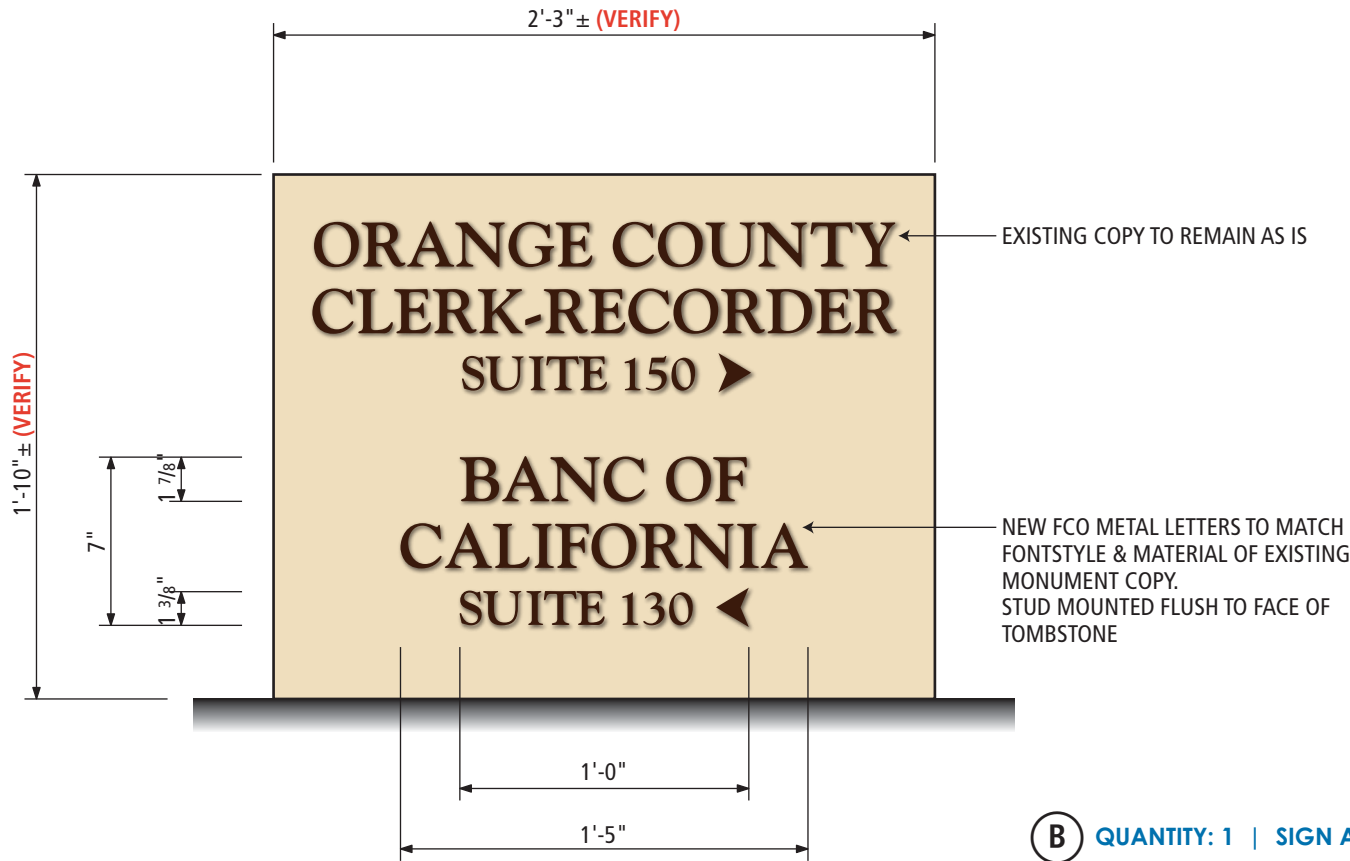
Date: **August 05, 2015**

Scale: **As noted**

Sheet No.: **2 / 6**



EXISTING TOMBSTONE SIGN



B QUANTITY: 1 | SIGN AREA: 0.83 SF

- ACTIONS REQUIRED:**
- ☐ NEED EXISTING COPY MATERIAL & COLOR. - NO INFO ON REQUEST.
 - ☐ NEED SIZES OF EXISTING COPY & ARROW. - NO INFO ON REQUEST.

NON-ILLUMINATED FCO LETTERS

SCALE: 1 1/2" = 1'-0"



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Project No.: **150651-09P**

Project:



24033 El Toro Road
Suite 130
Laguna Hills, CA 92654

Customer Approval:

Date:

Revision:	
3	9.9.15 OL - revised to new monument
8	11.17.15 OL - revised specs. per city

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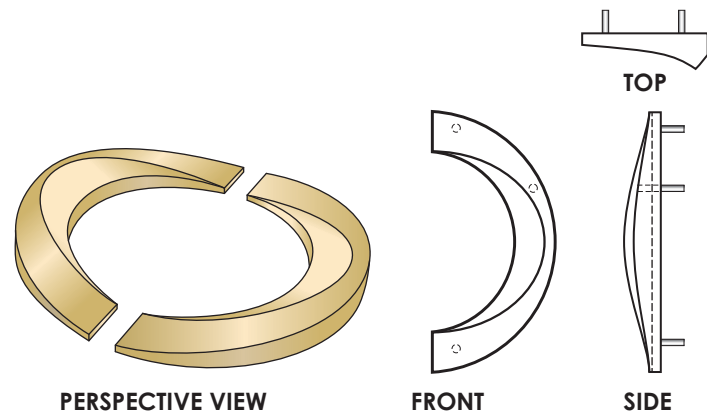
Salesman: **Aaron Clippinger**

Designer: **ArnieM.**

Date: **August 05, 2015**

Scale: **As noted**

Sheet No.: **3 / 6**



PMS 2965 DEEP BLUE



MATTHEWS PAINT
MP 21110 HEATHER
GOLD METALLIC LRV24



PARTIAL EAST ELEVATION

LOGO:
2.16 X 2.16 = 4.65
LETTERS:
.8698 X 14.44 =12.5
SIGN AREA: 17.15 SF

C QUANTITY: 1 SET | SIGN AREA: 17.15 SF

LOGO -
PRISMATIC SHAPE CARVED HDF LOGO FACE (DEPTH VARIES).
FINISH -
POWDER COATED FACES & EDGES TO MATCH MATTHEWS HEATHER GOLD METALLIC (SATIN FINISH).
BACKS -
3/16" THK. CLEAR POLYCARBONATE BACKS W/ WHITE DIFFUSER FILM.
ILLUM. -
LOW VOLTAGE 6500K WHITE LED ILLUMINATION (HALO-ILLUM).
INSTALL -
STAND-OFF 1" FROM WALL SURFACE AS PER DETAIL.

LETTERS -
3" DP. FABRICATED ALUMINUM LETTERS.
FINISH -
FACE & EDGES PAINTED TO MATCH PMS 2965 DEEP BLUE (SATIN FINISH).
BACKS -
3/16" THK. CLEAR POLYCARBONATE BACKS W/ WHITE DIFFUSER FILM.
ILLUM. -
LOW VOLTAGE 6500K WHITE LED ILLUMINATION (HALO-ILLUM).
INSTALL -
STAND-OFF 1" FROM WALL SURFACE AS PER DETAIL.

Project No.: **150651-09P**

Project:



24033 El Toro Road
Suite 130
Laguna Hills, CA 92654

Customer Approval:

Date:

Revision:

7	added letters - OL	11.11.15
7	TA - omit opt "A"	11.13.15
8	11.17.15 OL - revised specs. per city	

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Salesman: **Aaron Clippinger**

Designer: **ArnieM.**

Date: **August 05, 2015**

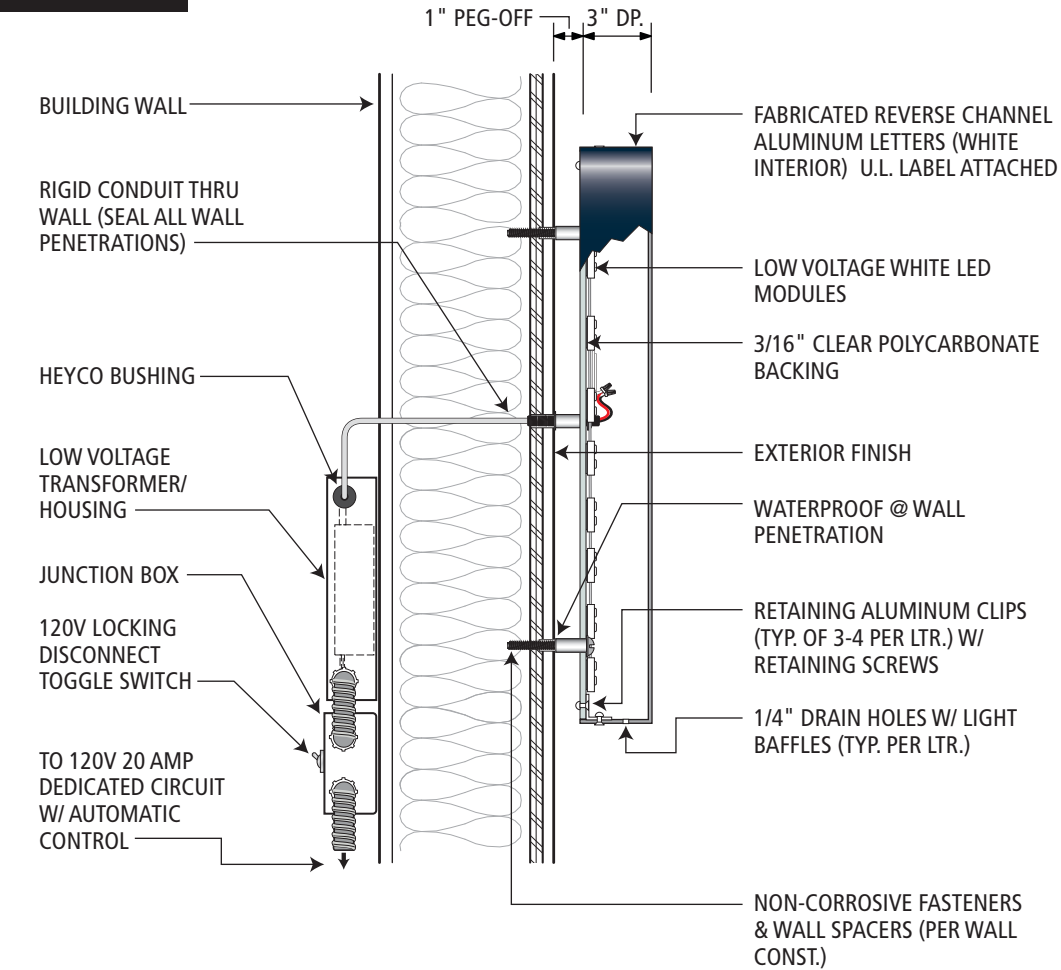
Scale: **As noted**

Sheet No.: **4 / 6**

HALO-LIT CHANNEL LOGO/LETTERS @ EAST ELEVATION

SCALE: 1/4" = 1'-0"

NOTE:
THIS SIGN IS INTENDED TO BE INSTALLED
IN ACCORDANCE WITH THE REQUIREMENTS
OF ARTICLE 600 OF THE NATIONAL ELECTRICAL
CODE AND/OR OTHER APPLICABLE LOCAL
CODES. THIS INCLUDES PROPER GROUNDING
AND BONDING OF THE SIGN.



LETTER SECTION DETAIL

SCALE: 1 1/2" = 1'-0"



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Project No.: 150651-09P

Project:



24033 El Toro Road
Suite 130
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Customer Approval:

Date:

Revision:

7	added detail - OL	11.11.15
8	revised section	11.17.15

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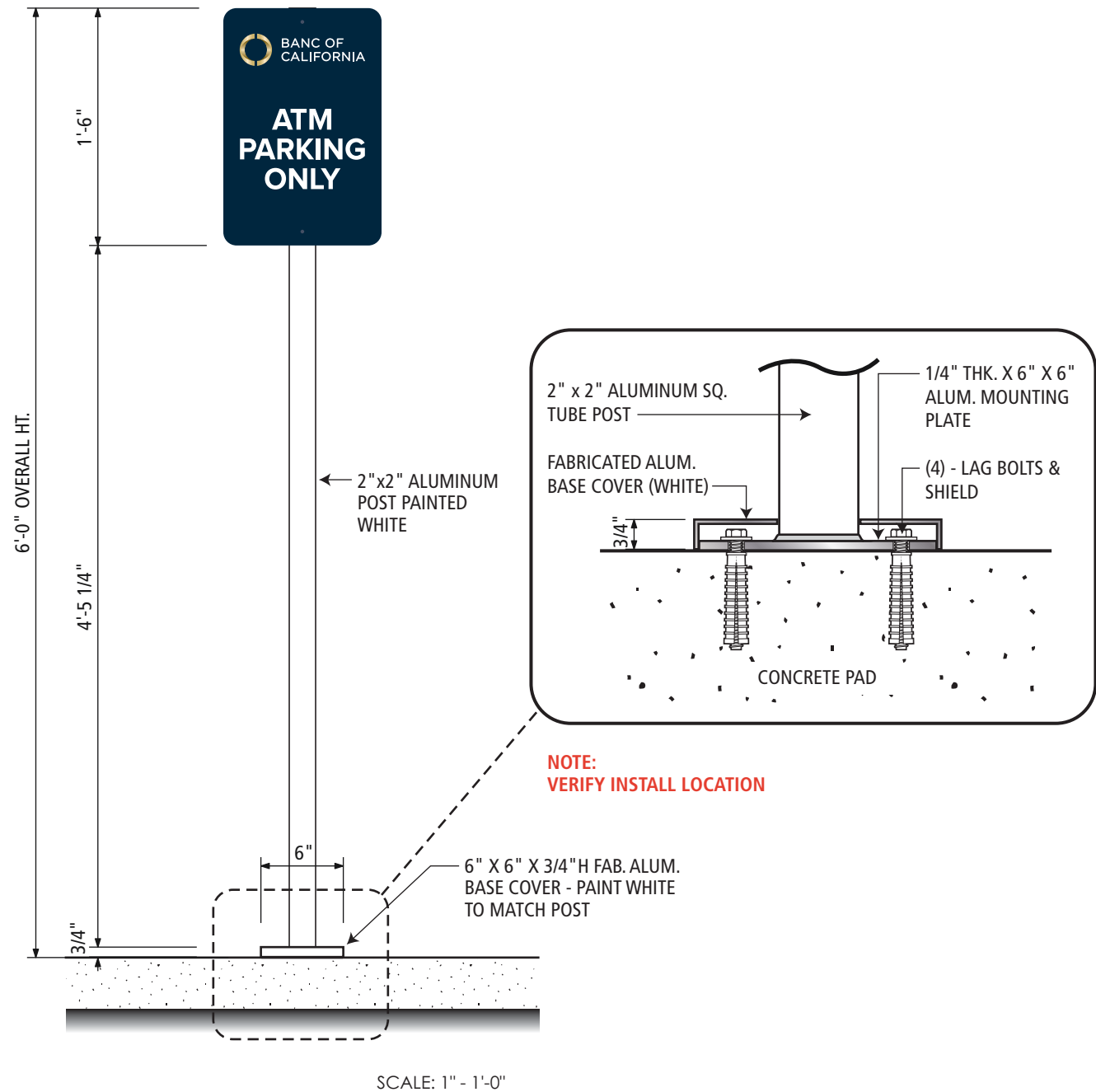
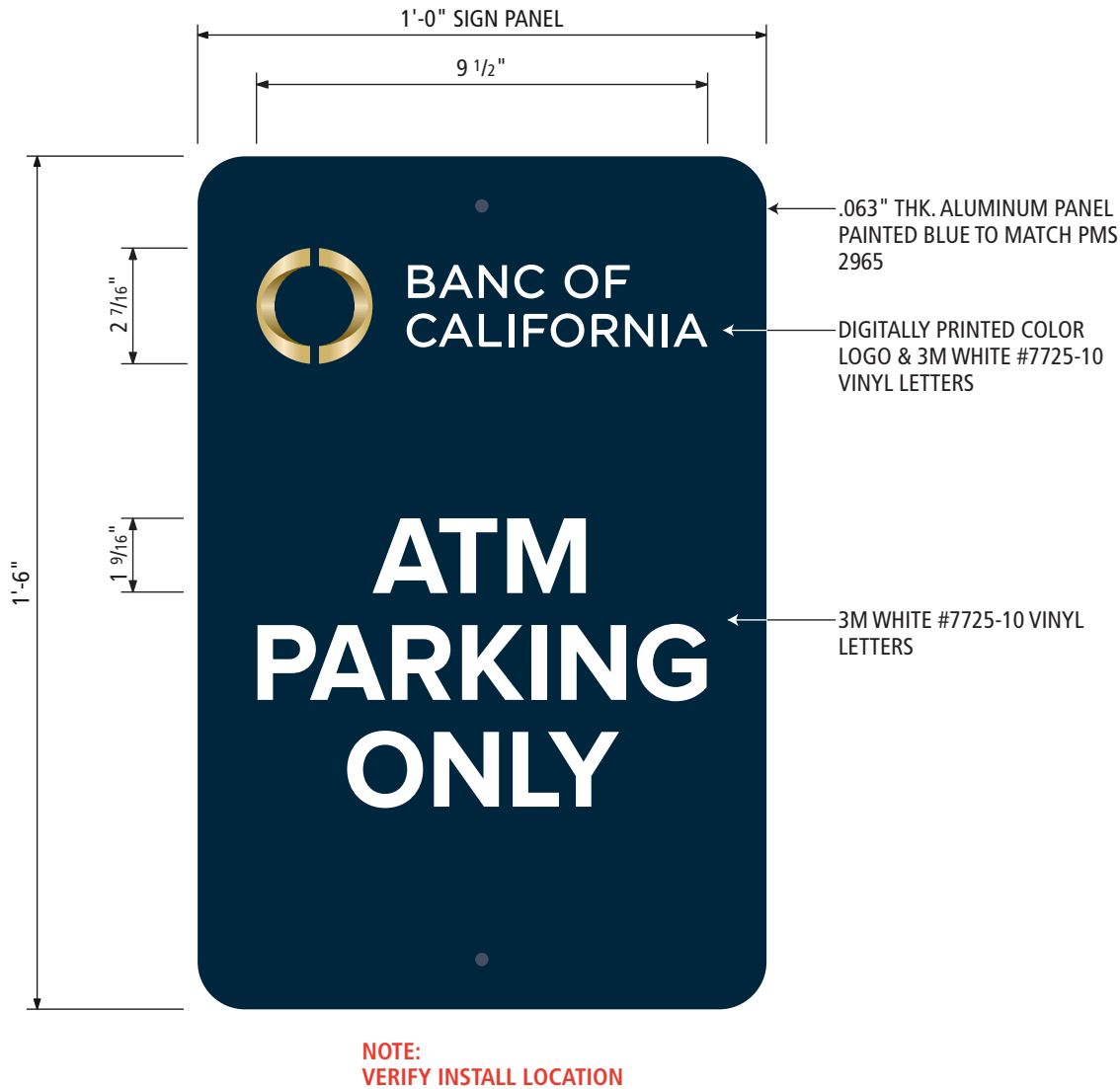
Salesman: Aaron Clippinger

Designer: ArnieM.

Date: August 05, 2015

Scale: As noted

Sheet No.: 5 / 6



NEW SIGN PANEL & POST

SCALE: 3" = 1'-0"

D QUANTITY: 2

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Project No.: **150651-09P**

Project:



24033 El Toro Road
Suite 130
Laguna Hills, CA 92654

Customer Approval:

Date:

Revision:

	OL-added directional	11.11.15
	TA - remove "5 min"	11.12.15
		
		
		
		
		
		
		
		

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Salesman: **Aaron Clippinger**

Designer: **ArnieM.**

Date: **August 05, 2015**

Scale: **As noted**

Sheet No.: **6 / 6**



City of Laguna Hills City Council Meeting Agenda Staff Report

DATE: NOVEMBER 24, 2015

TO: MAYOR AND COUNCIL MEMBERS

**FROM: KENNETH H. ROSENFELD, P.E.
DIRECTOR OF PUBLIC SERVICES/CITY ENGINEER**

**ISSUE: ANALYSIS OF PARKING CONTROL SURVEY FOR PERMIT PARKING IN
THE RIDGEFIELD COMMUNITY NEIGHBORHOOD**

**RECOMMENDATION: THAT THE CITY COUNCIL RECEIVE AND FILE THIS
REPORT.**

SUMMARY:

At the October 27, 2015 City Council meeting, two residents of the Ridgefield community addressed the City Council regarding their concerns about out-of-neighborhood parking in their community. This issue was previously discussed at the July 15, 2015, and the September 16, 2015, Traffic Commission meetings. Two separate parking surveys sent out to the neighborhood did not result in the required support for a parking control. In response to the resident comments to the City Council, the City Council directed staff to further analyze the survey results and prepare a geographic breakdown of the results denoting support for any parking control. The breakdown of the survey did not alter the conclusions about the previous surveys that there is not the required support for a parking control in the Ridgefield neighborhood in accordance with City Code. This item was further reviewed at the November 18, 2015 Traffic Commission meeting. The Traffic Commission was requested by staff to provide any comments to the City Council for consideration. Upon review of the survey breakdown, the Traffic Commission had no further comments. It is recommended the City Council receive and file this report.

BACKGROUND:

Over the last several months, residents from the Ridgefield community have been in touch with staff regarding out-of-neighborhood parking concerns along the streets of Sierra Bonita, La Cienega Street, Los Cerros Drive, and Rio Grande Avenue. The residents of the community are concerned with the apparent overflow parking from the adjacent Crestline condominiums and the Via Lomas community. This issue was previously discussed at the July 15, 2015, and the September 16, 2015, Traffic Commission

meetings. Staff surveyed the neighborhood on two occasions to determine their interest in several parking control options. Both surveys did not reveal the required support (67%) for a parking control. Results of the surveys were presented at the aforementioned Traffic Commission meetings. Recently, at the October 27, 2015 City Council meeting, two Ridgefield neighborhood residents requested that City Council review the “impact zone” of the survey area and re-analyze the survey results. The attached Vicinity Map has been modified to present the survey results by street area.

Sierra Bonita, Los Cerros Drive, La Cienega Street, and Rio Grande Avenue are all public residential streets within the Ridgefield community south of Aliso Hills Drive. There are 51 single family residences within the affected area. A tabular breakdown of the survey results is as follows:

RIDGEFIELD NEIGHBORHOOD	LOS CERROS DRIVE	LA CIENEGA STREET	RIO GRANDE AVENUE
Number of properties	7	33	11
Surveys returned	7	23	8
Response rate	100%	70%	72%
Residents in favor of any type of parking control	7	17	6
Percent in support of any parking control	100%	52%	54%
Number of residents that do not desire parking controls or did not respond to the surveys	0	10	3

The results above indicate 100% support for a parking control on Los Cerros Drive, 52% support for a parking control on La Cienega Street, and 54% support for a parking control on Rio Grande Avenue. Staff analyzed the survey results if Rio Grande were to be omitted from the “impact zone.” The numbers of residents that support a parking control on these two streets through prior surveys are 24 (60 percent). According to Laguna Hills Municipal Code (LHMC) Chapter 11-24, Residential Permit Parking Program, permit parking can be established only if 67% or more of the affected residents support it. As shown above, there is not enough support for a permit parking control.

Crestline HOA has been notified of the adjacent community’s concerns with regards to the overflow parking. They have been requested to remind their residents of the City’s permit parking program available to them along Gordon Road. With the cooperation of the Crestline HOA, some of the overflow parking may be relieved from adjacent residential streets.

The Ridgefield community members were invited to the November 18, 2015 Traffic Commission meeting, and also to this City Council meeting. The Traffic Commission discussed the parking control analysis and an idea of allowing parking in the Aliso Hills Park open space. However, in conclusion, the Traffic Commission decided to receive and file the report. No community members addressed the Traffic Commission.

ATTACHMENTS:

- Vicinity Map with survey results

RIDGEFIELD PARKING SURVEY AUGUST 18, 2015



Los Cerros
100% in Favor of
Permit Parking

La Cienega
50% in Favor of
Permit Parking

Rio Grande
54% in Favor of
Permit Parking



City of Laguna Hills

City Council Meeting Agenda

Staff Report

DATE: NOVEMBER 24, 2015

TO: MAYOR AND COUNCIL MEMBERS

**FROM: KENNETH H. ROSENFELD, P.E.
DIRECTOR OF PUBLIC SERVICES/CITY ENGINEER**

**ISSUE: MEASURE M2 SEVEN YEAR CAPITAL IMPROVEMENT PROGRAM
SPREADSHEET ADJUSTMENT**

**RECOMMENDATION: THAT THE CITY COUNCIL APPROVE THE ADJUSTMENT
TO THE MEASURE M2 SEVEN YEAR CAPITAL IMPROVEMENT PROGRAM
SPREADSHEET WITH THE ADDITION OF THE LAGUNA HILLS DEBRIS GATES
PROJECT, PHASE V.**

SUMMARY:

On June 23, 2015, the City Council approved the Measure M2 eligibility compliance documents to the Orange County Transportation Authority (OCTA) in order to remain eligible to apply for M2 funds. At that time, the Laguna Hills Debris Gates Project, Phase V, was omitted from the Seven Year Capital Improvement Program spreadsheet. In August of this year, staff received notification from OCTA that this project had been awarded grant funding. In order for the City to access the funds for this project the Seven Year Capital Improvement Program spreadsheet needs to be adjusted to include this project. This adjustment to the spreadsheet does not change the City's Capital Improvement Program (CIP) Budget which already anticipated the Debris Gates Project, Phase V. Approval of the spreadsheet adjustment is recommended.

BACKGROUND:

Annually, OCTA determines if local jurisdictions are eligible to receive Measure M2 turnback funds and competitive funds. Under M2 local jurisdictions must satisfy several requirements, as outlined in the Renewed Measure M Eligibility Guidelines, in order to remain eligible for these funds. Adoption of a Seven Year Capital Improvement Program spreadsheet is a part of this requirement.

On June 23, 2015, the City Council adopted the Measure M2 compliance submittal. The Laguna Hills Debris Gates Project, Phase V, was not awarded grant funding at that time

and was omitted by staff from the Seven Year Capital Improvement Program spreadsheet. Subsequently, in August of this year, OCTA awarded grant funding for this project. However, in order for the City to access the funds this project must be included in the Seven Year Capital Improvement Program spreadsheet that is submitted annually to OCTA. The City has since updated the spreadsheet by adding the said project as shown on the attachment. Approval of the spreadsheet to be resubmitted to OCTA is recommended.

FISCAL IMPACT:

The City has been allocated \$75,000 in Measure M2 grant funds for the Laguna Hills Debris Gates Project, Phase V. Failure to update the Seven Year Capital Improvement Program spreadsheet may jeopardize these funds. The update to the spreadsheet does not change the CIP Budget as the Debris Gates Project, Phase V, is already included in the current CIP Budget.

ATTACHMENTS:

- Seven Year Capital Improvement Program spreadsheet

Seven Year Capital Improvement Program (Sorted by Project Name)
Fiscal Years 2015/2016 through 2021/2022

Agency: Laguna Hills

Project Name: Annual Street Maintenance FY 16-17

Project Limits: Citywide street maintenance pursuant to the
Pavement Management Plan.

Project Number: N/A

Type of Work: Road Maintenance

Additional TOW: Rehabilitation of roadway

Project Description: Bi-annual roadway maintenance program.

FUND NAME	PERCENT	ESTIMATED COST	PROJECTED COST	NOTES
M2 ECP Tier I	100.00	\$93,000	\$93,000	
		\$93,000	\$93,000	

Project Phase	15/16	16/17	17/18	18/19	19/20	20/21	21/22	Estimated Cost	Projected Cost
E	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
R	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
C/I	\$75,000	\$0	\$0	\$0	\$0	\$0	\$0	\$75,000	\$75,000
O&M	\$0	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$18,000	\$18,000
	\$75,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$93,000	\$ 93,000

Agency: Laguna Hills

Project Name: Annual Street Maintenance FY 18-19

Project Limits: Citywide street maintenance pursuant to the
Pavement Management Plan

Project Number: N/A

Type of Work: Road Maintenance

Additional TOW: Rehabilitation of roadway

Project Description: Bi-annual roadway maintenance program

FUND NAME	PERCENT	ESTIMATED COST	PROJECTED COST	NOTES
Gas Tax	100.00	\$1,800,000	\$1,941,451	
		\$1,800,000	\$1,941,451	

Project Phase	15/16	16/17	17/18	18/19	19/20	20/21	21/22	Estimated Cost	Projected Cost
E	\$0	\$0	\$0	\$100,000	\$0	\$0	\$0	\$100,000	\$100,000
R	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
C/I	\$0	\$0	\$0	\$1,700,000	\$0	\$0	\$0	\$1,700,000	\$1,841,451
O&M	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$1,800,000	\$0	\$0	\$0	\$1,800,000	\$ 1,941,451

Measure M

Seven Year Capital Improvement Program (Sorted by Project Name)
Fiscal Years 2015/2016 through 2021/2022

Agency: Laguna Hills

Project Name: Annual Street Maintenance FY 20-21

Project Limits: Citywide street maintenance pursuant to the
Pavement Management Plan

Project Number: N/A

Type of Work: Road Maintenance

Additional TOW: Rehabilitation of roadway

Project Description: Bi-annual roadway maintenance program

FUND NAME	PERCENT	ESTIMATED COST	PROJECTED COST	NOTES
Gas Tax	100.00	\$1,900,000	\$2,156,481	
		\$1,900,000	\$2,156,481	

Project Phase	15/16	16/17	17/18	18/19	19/20	20/21	21/22	Estimated Cost	Projected Cost
E	\$0	\$0	\$0	\$0	\$0	\$100,000	\$0	\$100,000	\$100,000
R	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
C/I	\$0	\$0	\$0	\$0	\$0	\$1,800,000	\$0	\$1,800,000	\$2,056,481
O&M	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0	\$1,900,000	\$0	\$1,900,000	\$ 2,156,481

Agency: Laguna Hills

Project Name: Arterial Highway Pavement Maintenance - Various
locations CIP 175

Project Limits: various locations

Project Number: N/A

Type of Work: Road Maintenance

Additional TOW: Rehabilitation of roadway

Project Description: Pavement and Concrete repairs

FUND NAME	PERCENT	ESTIMATED COST	PROJECTED COST	NOTES
Gas Tax	60.63	\$770,000	\$789,153	
Other	39.37	\$500,000	\$512,437	RSTP Federal Map-21
		\$1,270,000	\$1,301,590	

Project Phase	15/16	16/17	17/18	18/19	19/20	20/21	21/22	Estimated Cost	Projected Cost
E	\$100,000	\$0	\$0	\$0	\$0	\$0	\$0	\$100,000	\$100,000
R	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
C/I	\$0	\$1,170,000	\$0	\$0	\$0	\$0	\$0	\$1,170,000	\$1,201,590
O&M	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$100,000	\$1,170,000	\$0	\$0	\$0	\$0	\$0	\$1,270,000	\$ 1,301,590

Seven Year Capital Improvement Program (Sorted by Project Name)
Fiscal Years 2015/2016 through 2021/2022

Agency: Laguna Hills

Project Name: Avenida de la Carlota Pavement Rehab

Project Limits: Avenida de la Carlota from El Toro Road to Los Alisos Blvd.

Project Number: N/A

Type of Work: Road Maintenance

Additional TOW: Rehabilitation of roadway

Project Description: Pavement Rehab

FUND NAME	PERCENT	ESTIMATED COST	PROJECTED COST	NOTES
Unfunded	100.00	\$825,000	\$959,336	
		\$825,000	\$959,336	

Project Phase	15/16	16/17	17/18	18/19	19/20	20/21	21/22	Estimated Cost	Projected Cost
E	\$0	\$0	\$0	\$0	\$0	\$0	\$50,000	\$50,000	\$50,000
R	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
C/I	\$0	\$0	\$0	\$0	\$0	\$0	\$775,000	\$775,000	\$909,336
O&M	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0	\$0	\$825,000	\$825,000	\$ 959,336

Agency: Laguna Hills

Project Name: Cabot Road Bioswale project

Project Limits: Cabot Road e/s 500' n/o Paseo De Valencia

Project Number: 14-LHLL-ECP-3733

Type of Work: Environmental Cleanup

Additional TOW: Bioswales and Bioretention systems

Project Description: Construction to bioswales to reduce pollutant loads from urban runoff

FUND NAME	PERCENT	ESTIMATED COST	PROJECTED COST	NOTES
General Fund	30.00	\$75,300	\$75,300	
M2 ECP Tier II	70.00	\$175,700	\$175,700	
		\$251,000	\$251,000	

Project Phase	15/16	16/17	17/18	18/19	19/20	20/21	21/22	Estimated Cost	Projected Cost
E	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
R	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
C/I	\$251,000	\$0	\$0	\$0	\$0	\$0	\$0	\$251,000	\$251,000
O&M	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$251,000	\$0	\$0	\$0	\$0	\$0	\$0	\$251,000	\$ 251,000

Measure M

Seven Year Capital Improvement Program (Sorted by Project Name)
Fiscal Years 2015/2016 through 2021/2022

Agency: Laguna Hills

Project Name: Cabot Road Pavement Rehabilitation

Project Limits: Cabot Road south of Oso Parkway, and South of
Rapid Falls Road within City limits

Project Number: N/A

Type of Work: Road Maintenance

Additional TOW: Rehabilitation of roadway

Project Description: Pavement Rehab at two locations on Cabot Road

FUND NAME	PERCENT	ESTIMATED COST	PROJECTED COST	NOTES
Unfunded	100.00	\$925,000	\$1,078,403	
		\$925,000	\$1,078,403	

Project Phase	15/16	16/17	17/18	18/19	19/20	20/21	21/22	Estimated Cost	Projected Cost
E	\$0	\$0	\$0	\$0	\$0	\$0	\$40,000	\$40,000	\$40,000
R	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
C/I	\$0	\$0	\$0	\$0	\$0	\$0	\$885,000	\$885,000	\$1,038,403
O&M	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0	\$0	\$925,000	\$925,000	\$ 1,078,403

Agency: Laguna Hills

Project Name: Cabot Road Widening Project

Project Limits: La Paz Road to Paseo De Valencia

Project Number: CIP 139

Type of Work: Road Widening

Additional TOW: Widen width of existing traffic lanes

Project Description: Road widening

FUND NAME	PERCENT	ESTIMATED COST	PROJECTED COST	NOTES
Unfunded	100.00	\$3,150,000	\$3,650,943	
		\$3,150,000	\$3,650,943	

Project Phase	15/16	16/17	17/18	18/19	19/20	20/21	21/22	Estimated Cost	Projected Cost
E	\$0	\$0	\$0	\$0	\$0	\$0	\$260,000	\$260,000	\$260,000
R	\$0	\$0	\$0	\$0	\$0	\$0	\$1,000,000	\$1,000,000	\$1,173,337
C/I	\$0	\$0	\$0	\$0	\$0	\$0	\$1,890,000	\$1,890,000	\$2,217,606
O&M	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0	\$0	\$3,150,000	\$3,150,000	\$ 3,650,943

Seven Year Capital Improvement Program (Sorted by Project Name)
Fiscal Years 2015/2016 through 2021/2022

Agency: Laguna Hills

Project Name: La Paz Road Sidewalk Widening

Project Limits: N/S of La Paz Rd. from Paseo De Valencia to
Grissom Rd., & s/s from Paseo De Valencia
to Champlain Rd.

Project Number: N/A

Type of Work: Pedestrian

Additional TOW: Reconstruction or rehabilitation of sidewalk

Project Description: This project includes the construction of a standard width arterial highway sidewalk along the north and south side of La Paz Road. This is to improve pedestrian access along La Paz Road to ADA standards. CIP 171

FUND NAME	PERCENT	ESTIMATED COST	PROJECTED COST	NOTES
General Fund	15.40	\$87,000	\$88,621	
ATP	84.60	\$478,000	\$486,909	
		\$565,000	\$575,530	

Project Phase	15/16	16/17	17/18	18/19	19/20	20/21	21/22	Estimated Cost	Projected Cost
E	\$75,000	\$0	\$0	\$0	\$0	\$0	\$0	\$75,000	\$75,000
R	\$100,000	\$0	\$0	\$0	\$0	\$0	\$0	\$100,000	\$100,000
C/I	\$0	\$390,000	\$0	\$0	\$0	\$0	\$0	\$390,000	\$400,530
O&M	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$175,000	\$390,000	\$0	\$0	\$0	\$0	\$0	\$565,000	\$ 575,530

Agency: Laguna Hills

Project Name: La Paz Road Widening

Project Limits: La Paz Road from McIntyre Street to Cabot Road

Project Number: N/A

Type of Work: Road Widening

Additional TOW: Add 1 lane to existing roadway in project limits

Project Description: widening of eastbound La Paz Road from McIntyre Street to Cabot Road to add a third through lane.

FUND NAME	PERCENT	ESTIMATED COST	PROJECTED COST	NOTES
Unfunded	100.00	\$1,450,000	\$1,684,005	
		\$1,450,000	\$1,684,005	

Project Phase	15/16	16/17	17/18	18/19	19/20	20/21	21/22	Estimated Cost	Projected Cost
E	\$0	\$0	\$0	\$0	\$0	\$0	\$100,000	\$100,000	\$100,000
R	\$0	\$0	\$0	\$0	\$0	\$0	\$600,000	\$600,000	\$704,002
C/I	\$0	\$0	\$0	\$0	\$0	\$0	\$750,000	\$750,000	\$880,003
O&M	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0	\$0	\$1,450,000	\$1,450,000	\$ 1,684,005

11/12/2015

Measure M

6

Seven Year Capital Improvement Program (Sorted by Project Name)
Fiscal Years 2015/2016 through 2021/2022

Agency: Laguna Hills

Project Name: Laquna Hills Catch Basin Debris Gates

Project Limits: City wide

Project Number: 12-LHLL-ECP-3627

Type of Work: Environmental Cleanup

Additional TOW: Automatic Retractable Screen and other debris screens or inserts

Project Description: Phase II - This is a storm water pollution mitigation project. It includes the installation of debris gates/screens throughout the City in accordance with the Environmental Cleanup Program (ECP).

FUND NAME	PERCENT	ESTIMATED COST	PROJECTED COST	NOTES
General Fund	100.00	\$17,500	\$17,500	
		\$17,500	\$17,500	

Project Phase	15/16	16/17	17/18	18/19	19/20	20/21	21/22	Estimated Cost	Projected Cost
E	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
R	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
C/I	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
O&M	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$17,500	\$17,500
	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$17,500	\$ 17,500

Agency: Laguna Hills

Project Name: Laquna Hills Debris Gates Phase III

Project Limits: City Wide

Project Number: 13-LHLL-ECP-3689

Type of Work: Environmental Cleanup

Additional TOW: Automatic Retractable Screen and other debris screens or inserts

Project Description: This is a storm water pollution mitigation project. It includes the installation of debris gates/screens throughout the City in accordance with the Environmental Cleanup Program (ECP).

FUND NAME	PERCENT	ESTIMATED COST	PROJECTED COST	NOTES
General Fund	100.00	\$17,500	\$17,500	
		\$17,500	\$17,500	

Project Phase	15/16	16/17	17/18	18/19	19/20	20/21	21/22	Estimated Cost	Projected Cost
E	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
R	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
C/I	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
O&M	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$17,500	\$17,500
	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$17,500	\$ 17,500

Seven Year Capital Improvement Program (Sorted by Project Name)
Fiscal Years 2015/2016 through 2021/2022

Agency: Laguna Hills

Project Name: Laquna Hills Debris Gates Project

Project Limits: Various

Project Number: 11-LHLL-ECP-3576

Type of Work: Environmental Cleanup

Additional TOW: Catchment Retrofit

Project Description: Phase I - This is a storm water pollution mitigation project. It includes the installation of debris gates/screens throughout the City in accordance with the Environmental Cleanup Program (ECP).

FUND NAME	PERCENT	ESTIMATED COST	PROJECTED COST	NOTES
General Fund	100.00	\$21,000	\$21,000	
		\$21,000	\$21,000	

Project Phase	15/16	16/17	17/18	18/19	19/20	20/21	21/22	Estimated Cost	Projected Cost
E	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
R	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
C/I	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
O&M	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$21,000	\$21,000
	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$21,000	\$ 21,000

Agency: Laguna Hills

Project Name: Laquna Hills Debris Gates Project Phase IV

Project Limits: City wide

Project Number: 14-LHLL-ECP-3758

Type of Work: Environmental Cleanup

Additional TOW: Automatic Retractable Screen and other debris screens or inserts

Project Description: This is a storm water pollution mitigation project. It includes the installation of debris gates/screens throughout the City in accordance with the Environmental Cleanup Program (ECP).

FUND NAME	PERCENT	ESTIMATED COST	PROJECTED COST	NOTES
General Fund	100.00	\$17,500	\$17,500	
		\$17,500	\$17,500	

Project Phase	15/16	16/17	17/18	18/19	19/20	20/21	21/22	Estimated Cost	Projected Cost
E	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
R	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
C/I	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
O&M	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$17,500	\$17,500
	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$17,500	\$ 17,500

Measure M

Seven Year Capital Improvement Program (Sorted by Project Name) Fiscal Years 2015/2016 through 2021/2022

Agency: Laguna Hills

Project Name: Laguna Hills Debris Gates, Phase V

Project Limits: City Wide

Project Number: 15-LHLL-ECP-3765

Type of Work: Environmental Cleanup

Additional TOW: Automatic Retractable Screen and other debris screens or inserts

Project Description: This is a storm water pollution mitigation project. It includes the installation of debris gates/screens throughout the City in accordance with the Environmental Cleanup Program (ECP).

FUND NAME	PERCENT	ESTIMATED COST	PROJECTED COST	NOTES
M2 ECP Tier I	75.00	\$75,000	\$75,000	
General Fund	25.00	\$25,000	\$25,000	
		\$100,000	\$100,000	

Project Phase	15/16	16/17	17/18	18/19	19/20	20/21	21/22	Estimated Cost	Projected Cost
E	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
R	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
C/I	\$75,000	\$0	\$0	\$0	\$0	\$0	\$0	\$75,000	\$75,000
O&M	\$0	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$5,000	\$25,000	\$25,000
	\$75,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$5,000	\$100,000	\$ 100,000

Agency: Laguna Hills

Project Name: Lake Forest Drive Pavement Rehab

Project Limits: Lake Forest Drive from east city limits to west city limits

Project Number: N/A

Type of Work: Road Maintenance

Additional TOW: Rehabilitation of roadway

Project Description: Pavement Rehab, CIP 182

FUND NAME	PERCENT	ESTIMATED COST	PROJECTED COST	NOTES
Unfunded	100.00	\$1,200,000	\$1,395,004	
		\$1,200,000	\$1,395,004	

Project Phase	15/16	16/17	17/18	18/19	19/20	20/21	21/22	Estimated Cost	Projected Cost
E	\$0	\$0	\$0	\$0	\$0	\$0	\$75,000	\$75,000	\$75,000
R	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
C/I	\$0	\$0	\$0	\$0	\$0	\$0	\$1,125,000	\$1,125,000	\$1,320,004
O&M	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0	\$0	\$1,200,000	\$1,200,000	\$ 1,395,004

Seven Year Capital Improvement Program (Sorted by Project Name)
Fiscal Years 2015/2016 through 2021/2022

Agency: Laguna Hills

Project Name: Oso Parkway Pavement Rehab

Project Limits: Oso Parkway from Cabot Road to West City limits

Project Number: N/A

Type of Work: Road Maintenance

Additional TOW: Rehabilitation of roadway

Project Description: Pavement Rehab, CIP 181

FUND NAME	PERCENT	ESTIMATED COST	PROJECTED COST	NOTES
Unfunded	100.00	\$1,650,000	\$1,918,672	
		\$1,650,000	\$1,918,672	

Project Phase	15/16	16/17	17/18	18/19	19/20	20/21	21/22	Estimated Cost	Projected Cost
E	\$0	\$0	\$0	\$0	\$0	\$0	\$100,000	\$100,000	\$100,000
R	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
C/I	\$0	\$0	\$0	\$0	\$0	\$0	\$1,550,000	\$1,550,000	\$1,818,672
O&M	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0	\$0	\$1,650,000	\$1,650,000	\$ 1,918,672

Agency: Laguna Hills

Project Name: Paseo De Valencia Widenina

Project Limits: Paseo De Valencia from El Toro Road to Laguna Hills Drive

Project Number: N/A

Type of Work: Road Widening

Additional TOW: Add 1 lane to existing roadway in project limits

Project Description: This project includes widening of Paseo De Valencia from Kennington Dr. to Laguna Hills Dr. Scope includes lane addition, curb & gutter, irrigation/landscaping, traffic signal & striping.

FUND NAME	PERCENT	ESTIMATED COST	PROJECTED COST	NOTES
M2 ACE	4.55	\$300,000	\$344,910	
Impact Fees	1.52	\$100,000	\$114,970	CARITS
Unfunded	93.94	\$6,200,000	\$7,128,139	
		\$6,600,000	\$7,588,019	

Project Phase	15/16	16/17	17/18	18/19	19/20	20/21	21/22	Estimated Cost	Projected Cost
E	\$0	\$400,000	\$0	\$0	\$0	\$0	\$500,000	\$900,000	\$900,000
R	\$0	\$0	\$0	\$0	\$0	\$0	\$500,000	\$500,000	\$586,668
C/I	\$0	\$0	\$0	\$0	\$0	\$0	\$5,200,000	\$5,200,000	\$6,101,351
O&M	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$0	\$400,000	\$0	\$0	\$0	\$0	\$6,200,000	\$6,600,000	\$ 7,588,019

Measure M

Seven Year Capital Improvement Program (Sorted by Project Name)
Fiscal Years 2015/2016 through 2021/2022

Agency: Laguna Hills

Project Name: Public Works Maintenance and Operations

Project Limits: Throughout the City

Project Number: N/A

Type of Work: Other

Additional TOW: Other

Project Description: Public works general operations and maintenance projects throughout the City. These funds to be used in the Operating Budget.

FUND NAME	PERCENT	ESTIMATED COST	PROJECTED COST	NOTES
M2 Fairshare	100.00	\$4,291,052	\$4,676,494	
		\$4,291,052	\$4,676,494	

Project Phase	15/16	16/17	17/18	18/19	19/20	20/21	21/22	Estimated Cost	Projected Cost
E	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
R	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
C/I	\$550,000	\$550,000	\$577,500	\$606,375	\$636,694	\$668,528	\$701,955	\$4,291,052	\$4,676,494
O&M	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$550,000	\$550,000	\$577,500	\$606,375	\$636,694	\$668,528	\$701,955	\$4,291,052	\$ 4,676,494

Agency: Laguna Hills

Project Name: Ridge Route Drive Pavement Rehabilitation West segment

Project Limits: Ridge Route Drive from Santa Vittoria to Moulton Parkway

Project Number: N/A

Type of Work: Road Maintenance

Additional TOW: Rehabilitation of roadway

Project Description: Pavement rehab of Ridge Route Drive to include pavement removals/rehabilitation, curb and gutter repairs, access ramp construction, asphalt concrete overlay, striping and traffic loops.

FUND NAME	PERCENT	ESTIMATED COST	PROJECTED COST	NOTES
Unfunded	100.00	\$700,000	\$812,669	
		\$700,000	\$812,669	

Project Phase	15/16	16/17	17/18	18/19	19/20	20/21	21/22	Estimated Cost	Projected Cost
E	\$0	\$0	\$0	\$0	\$0	\$0	\$50,000	\$50,000	\$50,000
R	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
C/I	\$0	\$0	\$0	\$0	\$0	\$0	\$650,000	\$650,000	\$762,669
O&M	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0	\$0	\$700,000	\$700,000	\$ 812,669

Seven Year Capital Improvement Program (Sorted by Project Name)
Fiscal Years 2015/2016 through 2021/2022

Agency: Laguna Hills

Project Name: South Moulton Pavement Rehab

Project Limits: Moulton Parkway from Via Lomas to South City limits
(SR-73)

Project Number: N/A

Type of Work: Road Maintenance

Additional TOW: Rehabilitation of roadway

Project Description: Pavement Rehab, CIP 178

FUND NAME	PERCENT	ESTIMATED COST	PROJECTED COST	NOTES
Unfunded	100.00	\$1,575,000	\$1,835,005	
		\$1,575,000	\$1,835,005	

Project Phase	15/16	16/17	17/18	18/19	19/20	20/21	21/22	Estimated Cost	Projected Cost
E	\$0	\$0	\$0	\$0	\$0	\$0	\$75,000	\$75,000	\$75,000
R	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
C/I	\$0	\$0	\$0	\$0	\$0	\$0	\$1,500,000	\$1,500,000	\$1,760,005
O&M	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0	\$0	\$1,575,000	\$1,575,000	\$ 1,835,005

Agency: Laguna Hills

Project Name: Traffic Signal Improvements/Coordination Projects

Project Limits: Alicia Parkway in the City limits

Project Number: CIP 168

Type of Work: Traffic Signals

Additional TOW: Coordinate signals within project limits

Project Description: Interconnection of traffic signals

FUND NAME	PERCENT	ESTIMATED COST	PROJECTED COST	NOTES
Impact Fees	100.00	\$40,000	\$40,000	CARITS
		\$40,000	\$40,000	

Project Phase	15/16	16/17	17/18	18/19	19/20	20/21	21/22	Estimated Cost	Projected Cost
E	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
R	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
C/I	\$40,000	\$0	\$0	\$0	\$0	\$0	\$0	\$40,000	\$40,000
O&M	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$40,000	\$0	\$0	\$0	\$0	\$0	\$0	\$40,000	\$ 40,000



City of Laguna Hills

City Council Meeting Agenda

Staff Report

DATE: NOVEMBER 24, 2015

TO: MAYOR AND COUNCIL MEMBERS

FROM: DONALD J. WHITE
ASSISTANT CITY MANAGER

ISSUE: PROPOSED LEASE WITH BROADVIEW MORTGAGE CORPORATION FOR
24031 EL TORO ROAD, SUITE 203, LAGUNA HILLS, CALIFORNIA

RECOMMENDATION: THAT THE CITY COUNCIL APPROVE THE LEASE WITH
BROADVIEW MORTGAGE CORPORATION FOR 24031 EL TORO ROAD, SUITE 203,
LAGUNA HILLS, CALIFORNIA, AND AUTHORIZE THE CITY MANAGER TO EXECUTE
THE LEASE.

SUMMARY:

Staff has negotiated a two-year lease with a one-year option with Broadview Mortgage Corporation. The lease calls for no tenant improvements and no procuring broker commission. The following is a summary of the key lease terms and financial analysis:

Effective Date: January 1, 2016 (with a December 1, 2015, early occupancy)

Term: 2 years with a one-year option

Rentable Square Feet: 1,377

Deposit: 3 month's rent

Upfront Capital: \$1,714 (Essex Commission)

Rate: Year 1 - \$2.05/sq.ft.
Year 2 - \$2.10/sq.ft.
Year 3 - \$2.15/sq.ft. (Option year)

Total Rent Payments: \$68,574 first two years

The City Attorney has reviewed and approved the lease document and the tenant has executed the lease. Staff is recommending approval of the lease.

FISCAL IMPACT:

The lease has a positive net present value and requires minimal upfront capital.

ATTACHMENTS:

- Lease



STANDARD MULTI-TENANT OFFICE LEASE - GROSS

AIR COMMERCIAL REAL ESTATE ASSOCIATION

1. Basic Provisions ("Basic Provisions").

1.1 Parties: This Lease ("Lease"), dated for reference purposes only November 24, 2015, is made by and between The City of Laguna Hills, a municipal corporation organized and existing under the laws of the State of California

(Lessor)
and Broadview Mortgage Corporation, a California corporation

(Lessee),
(collectively the "Parties", or individually a "Party").

1.2(a) Premises: That certain portion of the Project (as defined below), known as Suite Numbers(s) 203, 2nd floor(s), consisting of approximately 1,377 rentable square feet and approximately useable square feet ("Premises"). The Premises are located at: 24031 El Toro Road in the City of Laguna Hills, County of Orange, State of California, with zip code 92654. In addition to Lessee's rights to use and occupy the Premises as hereinafter specified, Lessee shall have non-exclusive rights to the Common Areas (as defined in Paragraph 2.7 below) as hereinafter specified, but shall not have any rights to the roof, the exterior walls, the area above the dropped ceilings, or the utility raceways of the building containing the Premises ("Building") or to any other buildings in the Project. The Premises, the Building, the Common Areas, the land upon which they are located, along with all other buildings and improvements thereon, are herein collectively referred to as the "Project." The Project consists of approximately 51,943 rentable square feet. (See also Paragraph 2)

1.2(b) Parking: 4/1000 unreserved and N/A reserved vehicle parking spaces at a monthly cost of \$N/A per unreserved space and \$N/A per reserved space. (See Paragraph 2.6)

1.3 Term: Two (2) years and N/A months ("Original Term") commencing January 1, 2016 ("Commencement Date") and ending December 31, 2018 ("Expiration Date"). (See also Paragraph 3)

1.4 Early Possession: If the Premises are available Lessee may have non-exclusive possession of the Premises commencing December 1, 2015 ("Early Possession Date"). (See also Paragraphs 3.2 and 3.3)

1.5 Base Rent: \$2,822.85 per month ("Base Rent"), payable on the first day of each month commencing January 1, 2016. (See also Paragraph 4 below)

☒ If this box is checked, there are provisions in this Lease for the Base Rent to be adjusted. See Paragraph 4.4 (See Addendum Paragraph 1)

1.6 Lessee's Share of Operating Expense Increase: 2.65% percent (2.65%) ("Lessee's Share"). In the event that that size of the Premises and/or the Project are modified during the term of this Lease, Lessor shall recalculate Lessee's Share to reflect such modification.

1.7 Base Rent and Other Monies Paid Upon Execution:

- (a) Base Rent: \$2,822.85 for the period January 1-31, 2016
- (b) Security Deposit: \$8,567.55 ("Security Deposit"). (See also Paragraph 5)
- (c) Parking: \$N/A for the period N/A
- (d) Other: \$N/A for N/A
- (e) Total Due Upon Execution of this Lease: \$11,390.40

1.8 Agreed Use: General Office, mortgage services

(See also Paragraph 6)

1.9 Base Year; Insuring Party. The Base Year is 2016. Lessor is the "Insuring Party". (See also Paragraphs 4.2 and 8)

1.10 Real Estate Brokers: (See also Paragraph 15 and 25)

(a) Representation: The following real estate brokers (the "Brokers") and brokerage relationships exist in this transaction (check applicable boxes):

- ☒ Essex Realty Management represents Lessor exclusively ("Lessor's Broker");
- ☐ N/A represents Lessee exclusively ("Lessee's Broker"); or
- ☐ represents both Lessor and Lessee ("Dual Agency").

(b) Payment to Brokers: Upon execution and delivery of this Lease by both Parties, Lessor shall pay to the Brokers for the brokerage services rendered by the Brokers the fee agreed to in the attached a separate written agreement. or if no such agreement is attached, the sum of or % of the total Base Rent payable for the Original Term, the sum of or of the total Base Rent payable during any period of time that the Lessee occupies the Premises subsequent to the Original Term, and/or the sum of or % of the purchase price in the event that the Lessee or anyone affiliated with Lessee acquires from Lessor any rights to the Premises.

1.11 Guarantor. The obligations of the Lessee under this Lease shall be guaranteed by N/A

(Guarantor). (See also Paragraph 37)

1.12 Business Hours for the Building: 7:00 a.m. to 6:00 p.m., Mondays through Fridays (except Building Holidays) and 8:00 a.m. to 2:00 p.m. on Saturdays (except Building Holidays). "Building Holidays" shall mean the dates of observation of New

1.13 **Lessor Supplied Services.** Notwithstanding the provisions of Paragraph 11.1, Lessor is NOT obligated to provide the following within the Premises:

☐ Janitorial services

☐ Electricity

☐ Other (specify): N/A

1.14 **Attachments.** Attached hereto are the following, all of which constitute a part of this Lease:

☒ an Addendum consisting of Paragraphs 1 through 7;

☒ a plot plan depicting the Premises; Exhibit "A"

☒ a current set of the Rules and Regulations; Exhibit "B"

☒ a Work Letter; / Requirements for improvements or alterations by Lessee (Exhibit "D")

☐ a janitorial schedule;

☒ other (specify): Exhibit "C" Waiver and Release

2. Premises.

2.1 **Letting.** Lessor hereby leases to Lessee, and Lessee hereby leases from Lessor, the Premises, for the term, at the rental, and upon all of the terms, covenants and conditions set forth in this Lease. While the approximate square footage of the Premises may have been used in the marketing of the Premises for purposes of comparison, the Base Rent stated herein is NOT tied to square footage and is not subject to adjustment should the actual size be determined to be different. **Note:** Lessee is advised to verify the actual size prior to executing this Lease.

2.2 **Condition.** Lessor shall deliver the Premises to Lessee in a clean condition on the Commencement Date or the Early Possession Date, whichever first occurs ("Start Date"), and warrants that the existing electrical, plumbing, fire sprinkler, lighting, heating, ventilating and air conditioning systems ("HVAC"), and all other items which the Lessor is obligated to construct pursuant to the Work Letter attached hereto, if any, other than those constructed by Lessee, shall be in good operating condition on said date, that the structural elements of the roof, bearing walls and foundation of the Unit shall be free of material defects, and that the Premises do not contain hazardous levels of any mold or fungi defined as toxic under applicable state or federal law.

2.3 **Compliance.** Lessor warrants to the best of its knowledge that the improvements comprising the Premises and the Common Areas comply with the building codes that were in effect at the time that each such improvement, or portion thereof, was constructed, and also with all applicable laws, covenants or restrictions of record, regulations, and ordinances ("Applicable Requirements") in effect on the Start Date. Said warranty does not apply to the use to which Lessee will put the Premises, modifications which may be required by the Americans with Disabilities Act or any similar laws as a result of Lessee's use (see Paragraph 49), or to any Alterations or Utility Installations (as defined in Paragraph 7.3(a)) made or to be made by Lessee. **NOTE:** Lessee is responsible for determining whether or not the zoning and other Applicable Requirements are appropriate for Lessee's intended use, and acknowledges that past uses of the Premises may no longer be allowed. If the Premises do not comply with said warranty, Lessor shall, except as otherwise provided, promptly after receipt of written notice from Lessee setting forth with specificity the nature and extent of such non-compliance, rectify the same. If the Applicable Requirements are hereafter changed so as to require during the term of this Lease the construction of an addition to or an alteration of the Premises, the remediation of any Hazardous Substance, or the reinforcement or other physical modification of the Premises ("Capital Expenditure"), Lessor and Lessee shall allocate the cost of such work as follows:

(a) Subject to Paragraph 2.3(c) below, if such Capital Expenditures are required as a result of the specific and unique use of the Premises by Lessee as compared with uses by tenants in general, Lessee shall be fully responsible for the cost thereof, provided, however, that if such Capital Expenditure is required during the last 2 years of this Lease and the cost thereof exceeds 6 months' Base Rent, Lessee may instead terminate this Lease unless Lessor notifies Lessee, in writing, within 10 days after receipt of Lessee's termination notice that Lessor has elected to pay the difference between the actual cost thereof and the amount equal to 6 months' Base Rent. If Lessee elects termination, Lessee shall immediately cease the use of the Premises which requires such Capital Expenditure and deliver to Lessor written notice specifying a termination date at least 90 days thereafter. Such termination date shall, however, in no event be earlier than the last day that Lessee could legally utilize the Premises without commencing such Capital Expenditure.

(b) If such Capital Expenditure is not the result of the specific and unique use of the Premises by Lessee (such as, governmentally mandated seismic modifications), then Lessor shall pay for such Capital Expenditure and Lessee shall only be obligated to pay, each month during the remainder of the term of this Lease or any extension thereof, on the date that on which the Base Rent is due, an amount equal to 1/144th of the portion of such costs reasonably attributable to the Premises. Lessee shall pay interest on the balance but may prepay its obligation at any time. If, however, such Capital Expenditure is required during the last 2 years of this Lease or if Lessor reasonably determines that it is not economically feasible to pay its share thereof, Lessor shall have the option to terminate this Lease upon 90 days prior written notice to Lessee unless Lessee notifies Lessor, in writing, within 10 days after receipt of Lessor's termination notice that Lessee will pay for such Capital Expenditure. If Lessor does not elect to terminate, and fails to tender its share of any such Capital Expenditure, Lessee may advance such funds and deduct same, with interest, from Rent until Lessor's share of such costs have been fully paid. If Lessee is unable to finance Lessor's share, or if the balance of the Rent due and payable for the remainder of this Lease is not sufficient to fully reimburse Lessee on an offset basis, Lessee shall have the right to terminate this Lease upon 30 days written notice to Lessor.

(c) Notwithstanding the above, the provisions concerning Capital Expenditures are intended to apply only to nonvoluntary, unexpected, and new Applicable Requirements. If the Capital Expenditures are instead triggered by Lessee as a result of an actual or proposed change in use, change in intensity of use, or modification to the Premises then, and in that event, Lessee shall either: (i) immediately cease such change in use or intensity of use and/or take such other steps as may be necessary to eliminate the requirement for such Capital Expenditure, or (ii) complete such Capital Expenditure at its own expense. Lessee shall not have any right to terminate this Lease.

2.4 **Acknowledgements.** Lessee acknowledges that: (a) it has been given an opportunity to inspect and measure the Premises, (b) Lessee has been advised by Lessor and/or Brokers to satisfy itself with respect to the size and condition of the Premises (including but not limited to the electrical, HVAC and fire sprinkler systems, security, environmental aspects, and compliance with Applicable Requirements), and their suitability for Lessee's intended use, (c) Lessee has made such investigation as it deems necessary with reference to such matters and assumes all responsibility therefor as the same relate to its occupancy of the Premises, (d) it is not relying on any representation as to the size of the Premises made by Brokers or Lessor, (e) the square footage of the Premises was not material to Lessee's decision to lease the Premises and pay the Rent stated herein, and (f) neither Lessor, Lessor's agents, nor Brokers have made any oral or written representations or warranties with respect to said matters other than as set forth in this Lease. In addition, Lessor acknowledges that: (i) Brokers have made no representations, promises or warranties concerning Lessee's ability to honor the Lease or suitability to occupy the Premises, and (ii) it is Lessor's sole responsibility to investigate the financial capability and/or suitability of all proposed tenants.

2.5 **Lessee as Prior Owner/Occupant.** The warranties made by Lessor in Paragraph 2 shall be of no force or effect if immediately prior to the Start Date, Lessee was the owner or occupant of the Premises. In such event, Lessee shall be responsible for any necessary corrective work.

2.6 **Vehicle Parking.** So long as Lessee is not in default, and subject to the Rules and Regulations attached hereto, and as established by Lessor from time to time, Lessee shall be entitled to rent and use the number of parking spaces specified in Paragraph 1.2(b) at the rental rate applicable from time to time for monthly parking as set by Lessor and/or its licensee.

(a) If Lessee commits, permits or allows any of the prohibited activities described in the Lease or the rules then in effect, then Lessor shall have the right, without notice, in addition to such other rights and remedies that it may have, to remove or tow away the vehicle involved and charge the cost to Lessee, which cost shall be immediately payable upon demand by Lessor.

(b) The monthly rent per parking space specified in Paragraph 1.2(b) is subject to change upon 30 days prior written notice to Lessee. The rent for the parking is payable one month in advance prior to the first day of each calendar month.

2.7 **Common Areas - Definition.** The term "Common Areas" is defined as all areas and facilities outside the Premises and within the exterior boundary line of the Project and interior utility raceways and installations within the Premises that are provided and designated by the Lessor from time to time for the general nonexclusive use of Lessor, Lessee and other tenants of the Project and their respective employees, suppliers, shippers, customers, contractors and invitees, including, but not limited to, common entrances, lobbies, corridors, stairwells, public restrooms, elevators, parking areas, loading and unloading areas, trash areas, roadways, walkways, driveways and landscaped areas.

2.8 **Common Areas - Lessee's Rights.** Lessor grants to Lessee, for the benefit of Lessee and its employees, suppliers, shippers,

contractors, customers and invitees, during the term of this Lease, the nonexclusive right to use, in common with others entitled to such use, the Common Areas as they exist from time to time, subject to any rights, powers, and privileges reserved by Lessor under the terms hereof or under the terms of any rules and regulations or restrictions governing the use of the Project. Under no circumstances shall the right herein granted to use the Common Areas be deemed to include the right to store any property, temporarily or permanently, in the Common Areas. Any such storage shall be permitted only by the prior written consent of Lessor or Lessor's designated agent, which consent may be revoked at any time. In the event that any unauthorized storage shall occur then Lessor shall have the right, without notice, in addition to such other rights and remedies that it may have, to remove the property and charge the cost to Lessee, which cost shall be immediately payable upon demand by Lessor.

2.9 **Common Areas - Rules and Regulations.** Lessor or such other person(s) as Lessor may appoint shall have the exclusive control and management of the Common Areas and shall have the right, from time to time, to adopt, modify, amend and enforce reasonable rules and regulations ("Rules and Regulations") for the management, safety, care, and cleanliness of the grounds, the parking and unloading of vehicles and the preservation of good order, as well as for the convenience of other occupants or tenants of the Building and the Project and their invitees. The Lessee agrees to abide by and conform to all such Rules and Regulations, and shall use its best efforts to cause its employees, suppliers, shippers, customers, contractors and invitees to so abide and conform. Lessor shall not be responsible to Lessee for the noncompliance with said Rules and Regulations by other tenants of the Project.

2.10 **Common Areas - Changes.** Lessor shall have the right, in Lessor's sole discretion, from time to time:

- (a) To make changes to the Common Areas, including, without limitation, changes in the location, size, shape and number of the lobbies, windows, stairways, air shafts, elevators, escalators, restrooms, driveways, entrances, parking spaces, parking areas, loading and unloading areas, ingress, egress, direction of traffic, landscaped areas, walkways and utility raceways;
- (b) To close temporarily any of the Common Areas for maintenance purposes so long as reasonable access to the Premises remains available;
- (c) To designate other land outside the boundaries of the Project to be a part of the Common Areas;
- (d) To add additional buildings and improvements to the Common Areas;
- (e) To use the Common Areas while engaged in making additional improvements, repairs or alterations to the Project, or any portion thereof; and
- (f) To do and perform such other acts and make such other changes in, to or with respect to the Common Areas and Project as Lessor may, in the exercise of sound business judgment, deem to be appropriate.

3. Term.

3.1 **Term.** The Commencement Date, Expiration Date and Original Term of this Lease are as specified in Paragraph 1.3.

3.2 **Early Possession.** Any provision herein granting Lessee Early Possession of the Premises is subject to and conditioned upon the Premises being available for such possession prior to the Commencement Date. Any grant of Early Possession only conveys a non-exclusive right to occupy the Premises. If Lessee totally or partially occupies the Premises prior to the Commencement Date, the obligation to pay Base Rent shall be abated for the period of such Early Possession. All other terms of this Lease (including but not limited to the obligations to pay Lessee's Share of the Operating Expense Increase) shall be in effect during such period. Any such Early Possession shall not affect the Expiration Date.

3.3 **Delay In Possession.** Lessor agrees to use its best commercially reasonable efforts to deliver possession of the Premises to Lessee by the Commencement Date. If, despite said efforts, Lessor is unable to deliver possession by such date, Lessor shall not be subject to any liability therefor, nor shall such failure affect the validity of this Lease or change the Expiration Date. Lessee shall not, however, be obligated to pay Rent or perform its other obligations until Lessor delivers possession of the Premises and any period of rent abatement that Lessee would otherwise have enjoyed shall run from the date of delivery of possession and continue for a period equal to what Lessee would otherwise have enjoyed under the terms hereof, but minus any days of delay caused by the acts or omissions of Lessee. If possession is not delivered within 60 days after the Commencement Date, as the same may be extended under the terms of any Work Letter executed by Parties, Lessee may, at its option, by notice in writing within 10 days after the end of such 60 day period, cancel this Lease, in which event the Parties shall be discharged from all obligations hereunder. If such written notice is not received by Lessor within said 10 day period, Lessee's right to cancel shall terminate. If possession of the Premises is not delivered within 120 days after the Commencement Date, this Lease shall terminate unless other agreements are reached between Lessor and Lessee, in writing.

3.4 **Lessee Compliance.** Lessor shall not be required to deliver possession of the Premises to Lessee until Lessee complies with its obligation to provide evidence of insurance (Paragraph 8-5) Paragraph 8.2 & 8.3 of this Lease Addendum Paragraph 3). Pending delivery of such evidence, Lessee shall be required to perform all of its obligations under this Lease from and after the Start Date, including the payment of Rent, notwithstanding Lessor's election to withhold possession pending receipt of such evidence of insurance. Further, if Lessee is required to perform any other conditions prior to or concurrent with the Start Date, the Start Date shall occur but Lessor may elect to withhold possession until such conditions are satisfied.

4. Rent.

4.1 **Rent Defined.** All monetary obligations of Lessee to Lessor under the terms of this Lease (except for the Security Deposit) are deemed to be rent ("Rent").

4.2 **Operating Expense Increase.** Lessee shall pay to Lessor during the term hereof, in addition to the Base Rent, Lessee's Share of the amount by which all Operating Expenses for each Comparison Year exceeds the amount of all Operating Expenses for the Base Year, such excess being hereinafter referred to as the "Operating Expense Increase", in accordance with the following provisions:

- (a) "Base Year" is as specified in Paragraph 1.9.
- (b) "Comparison Year" is defined as each calendar year during the term of this Lease subsequent to the Base Year; provided, however, Lessee shall have no obligation to pay a share of the Operating Expense Increase applicable to the first 12 months of the Lease Term (other than such as are mandated by a governmental authority, as to which government mandated expenses Lessee shall pay Lessee's Share, notwithstanding they occur during the first twelve (12) months). Lessee's Share of the Operating Expense Increase for the first and last Comparison Years of the Lease Term shall be prorated according to that portion of such Comparison Year as to which Lessee is responsible for a share of such increase.

(c) The following costs relating to the ownership and operation of the Project, calculated as if the Project was at least 95% occupied, are defined as "Operating Expenses":

- (i) Costs relating to the operation, repair, and maintenance in neat, clean, safe, good order and condition, but not the replacement (see subparagraph (g)), of the following:
 - (aa) The Common Areas, including their surfaces, coverings, decorative items, carpets, drapes and window coverings, and including parking areas, loading and unloading areas, trash areas, roadways, sidewalks, walkways, stairways, parkways, driveways, landscaped areas, striping, bumpers, irrigation systems, Common Area lighting facilities, building exteriors and roofs, fences and gates;
 - (bb) All heating, air conditioning, plumbing, electrical systems, life safety equipment, communication systems and other equipment used in common by, or for the benefit of, tenants or occupants of the Project, including elevators and escalators, tenant directories, fire detection systems including sprinkler system maintenance and repair.
 - (cc) All other areas and improvements that are within the exterior boundaries of the Project but outside of the Premises and/or any other space occupied by a tenant.
- (ii) The cost of trash disposal, janitorial and security services, pest control services, and the costs of any environmental inspections;
- (iii) The cost of any other service to be provided by Lessor that is elsewhere in this Lease stated to be an "Operating Expense";
- (iv) The cost of the premiums for the insurance policies maintained by Lessor pursuant to paragraph 8 and any deductible portion of an insured loss concerning the Building or the Common Areas;
- (v) The amount of the Real Property Taxes payable by Lessor pursuant to paragraph 10;
- (vi) The cost of water, sewer, gas, electricity, and other publicly mandated services not separately metered;
- (vii) Labor, salaries, and applicable fringe benefits and costs, materials, supplies and tools, used in maintaining and/or cleaning the Project and accounting and management fees attributable to the operation of the Project;
- (viii) The cost of any capital improvement to the Building or the Project not covered under the provisions of Paragraph 2.3 provided; however, that Lessor shall allocate the cost of any such capital improvement over a 12 year period and Lessee shall not be required to pay more than Lessee's Share of 1/144th of the cost of such Capital Expenditure in any given month;
- (ix) The cost to replace equipment or improvements that have a useful life for accounting purposes of 5 years or less.
- (x) Reserves set aside for maintenance, repair and/or replacement of Common Area improvements and equipment.

(d) Any item of Operating Expense that is specifically attributable to the Premises, the Building or to any other building in the Project or to the operation, repair and maintenance thereof, shall be allocated entirely to such Premises, Building, or other building. However, any such item that is not specifically attributable to the Building or to any other building or to the operation, repair and maintenance thereof, shall be equitably

allocated by Lessor to all buildings in the Project.

(e) The inclusion of the improvements, facilities and services set forth in Subparagraph 4.2(c) shall not be deemed to impose an obligation upon Lessor to either have said improvements or facilities or to provide those services unless the Project already has the same, Lessor already provides the services, or Lessor has agreed elsewhere in this Lease to provide the same or some of them.

(f) Lessee's Share of Operating Expense Increase is payable monthly on the same day as the Base Rent is due hereunder. The amount of such payments shall be based on Lessor's estimate of the Operating Expense Expenses. Within 60 days after written request (but not more than once each year) Lessor shall deliver to Lessee a reasonably detailed statement showing Lessee's Share of the actual Common Area Operating Expenses for the preceding year. If Lessee's payments during such Year exceed Lessee's Share, Lessee shall credit the amount of such over-payment against Lessee's future payments. If Lessee's payments during such Year were less than Lessee's Share, Lessee shall pay to Lessor the amount of the deficiency within 10 days after delivery by Lessor to Lessee of said statement. Lessor and Lessee shall forthwith adjust between them by cash payment any balance determined to exist with respect to that portion of the last Comparison Year for which Lessee is responsible as to Operating Expense Increases, notwithstanding that the Lease term may have terminated before the end of such Comparison Year.

(g) Operating Expenses shall not include the costs of replacement for equipment or capital components such as the roof, foundations, exterior walls or a Common Area capital improvement, such as the parking lot paving, elevators, fences that have a useful life for accounting purposes of 5 years or more.

(h) Operating Expenses shall not include any expenses paid by any tenant directly to third parties, or as to which Lessor is otherwise reimbursed by any third party, other tenant, or by insurance proceeds.

4.3 **Payment.** Lessee shall cause payment of Rent to be received by Lessor in lawful money of the United States on or before the day on which it is due, without offset or deduction (except as specifically permitted in this Lease). All monetary amounts shall be rounded to the nearest whole dollar. In the event that any invoice prepared by Lessor is inaccurate such inaccuracy shall not constitute a waiver and Lessee shall be obligated to pay the amount set forth in this Lease. Rent for any period during the term hereof which is for less than one full calendar month shall be prorated based upon the actual number of days of said month. Payment of Rent shall be made to Lessor at its address stated herein or to such other persons or place as Lessor may from time to time designate in writing. Acceptance of a payment which is less than the amount then due shall not be a waiver of Lessor's rights to the balance of such Rent, regardless of Lessor's endorsement of any check so stating. In the event that any check, draft, or other instrument of payment given by Lessee to Lessor is dishonored for any reason, Lessee agrees to pay to Lessor the sum of \$25 75 in addition to any Late Charge and Lessor, at its option, may require all future Rent be paid by cashier's check. Payments will be applied first to accrued late charges and attorney's fees, second to accrued interest, then to Base Rent and Common Area Operating Expenses, and any remaining amount to any other outstanding charges or costs.

5. **Security Deposit.** Lessee shall deposit with Lessor upon execution hereof the Security Deposit as security for Lessee's faithful performance of its obligations under this Lease. If Lessee fails to pay Rent, or otherwise Defaults under this Lease, Lessor may use, apply or retain all or any portion of said Security Deposit for the payment of any amount already due Lessor, for Rents which will be due in the future, and/ or to reimburse or compensate Lessor for any liability, expense, loss or damage which Lessor may suffer or incur by reason thereof. If Lessor uses or applies all or any portion of the Security Deposit, Lessee shall within 10 days after written request therefor deposit monies with Lessor sufficient to restore said Security Deposit to the full amount required by this Lease. If the Base Rent increases during the term of this Lease, Lessee shall, upon written request from Lessor, deposit additional monies with Lessor so that the total amount of the Security Deposit shall at all times bear the same proportion to the increased Base Rent as the initial Security Deposit bore to the initial Base Rent. Should the Agreed Use be amended to accommodate a material change in the business of Lessee or to accommodate a sublessee or assignee, Lessor shall have the right to increase the Security Deposit to the extent necessary, in Lessor's reasonable judgment, to account for any increased wear and tear that the Premises may suffer as a result thereof. If a change in control of Lessee occurs during this Lease and following such change the financial condition of Lessee is, in Lessor's reasonable judgment, significantly reduced, Lessee shall deposit such additional monies with Lessor as shall be sufficient to cause the Security Deposit to be at a commercially reasonable level based on such change in financial condition. Lessor shall not be required to keep the Security Deposit separate from its general accounts. Within 90 days after the expiration or termination of this Lease, Lessor shall return that portion of the Security Deposit not used or applied by Lessor. No part of the Security Deposit shall be considered to be held in trust, to bear interest or to be prepayment for any monies to be paid by Lessee under this Lease.

6. **Use.** (See Addendum "Paragraph 2".)

6.1 **Use.** ~~Lessee shall use and occupy the Premises only for the Agreed Use, or any other legal use which is reasonably comparable thereto, and for no other purpose. Lessee shall not use or permit the use of the Premises in a manner that is unlawful, creates damage, waste or a nuisance, or that disturbs occupants of or causes damage to neighboring premises or properties. Other than guide, signal and seeing eye dogs, Lessee shall not keep or allow in the Premises any pets, animals, birds, fish, or reptiles. Lessor shall not unreasonably withhold or delay its consent to any written request for a modification of the Agreed Use, so long as the same will not impair the structural integrity of the improvements of the Building, will not adversely affect the mechanical, electrical, HVAC, and other systems of the Building, and/or will not affect the exterior appearance of the Building. If Lessor elects to withhold consent, Lessor shall within 7 days after such request give written notification of same, which notice shall include an explanation of Lessor's objections to the change in the Agreed Use.~~

6.2 **Hazardous Substances.**

(a) **Reportable Uses Require Consent.** The term "Hazardous Substance" as used in this Lease shall mean any product, substance, or waste whose presence, use, manufacture, disposal, transportation, or release, either by itself or in combination with other materials expected to be on the Premises, is either: (i) potentially injurious to the public health, safety or welfare, the environment or the Premises, (ii) regulated or monitored by any governmental authority, or (iii) a basis for potential liability of Lessor to any governmental agency or third party under any applicable statute or common law theory. Hazardous Substances shall include, but not be limited to, hydrocarbons, petroleum, gasoline, and/or crude oil or any products, byproducts or fractions thereof. Lessee shall not engage in any activity in or on the Premises which constitutes a Reportable Use of Hazardous Substances without the express prior written consent of Lessor and timely compliance (at Lessee's expense) with all Applicable Requirements. "Reportable Use" shall mean (i) the installation or use of any above or below ground storage tank, (ii) the generation, possession, storage, use, transportation, or disposal of a Hazardous Substance that requires a permit from, or with respect to which a report, notice, registration or business plan is required to be filed with, any governmental authority, and/or (iii) the presence at the Premises of a Hazardous Substance with respect to which any Applicable Requirements requires that a notice be given to persons entering or occupying the Premises or neighboring properties. Notwithstanding the foregoing, Lessee may use any ordinary and customary materials reasonably required to be used in the normal course of the Agreed Use such as ordinary office supplies (copier toner, liquid paper, glue, etc.) and common household cleaning materials, so long as such use is in compliance with all Applicable Requirements, is not a Reportable Use, and does not expose the Premises or neighboring property to any meaningful risk of contamination or damage or expose Lessor to any liability therefor. In addition, Lessor may condition its consent to any Reportable Use upon receiving such additional assurances as Lessor reasonably deems necessary to protect itself, the public, the Premises and/or the environment against damage, contamination, injury and/or liability, including, but not limited to, the installation (and removal on or before Lease expiration or termination) of protective modifications (such as concrete encasements) and/or increasing the Security Deposit.

(b) **Duty to Inform Lessor.** If Lessee knows, or has reasonable cause to believe, that a Hazardous Substance has come to be located in, on, under or about the Premises, other than as previously consented to by Lessor, Lessee shall immediately give written notice of such fact to Lessor, and provide Lessor with a copy of any report, notice, claim or other documentation which it has concerning the presence of such Hazardous Substance.

(c) **Lessee Remediation.** Lessee shall not cause or permit any Hazardous Substance to be spilled or released in, on, under, or about the Premises (including through the plumbing or sanitary sewer system) and shall promptly, at Lessee's expense, comply with all Applicable Requirements and take all investigatory and/or remedial action reasonably recommended, whether or not formally ordered or required, for the cleanup of any contamination of, and for the maintenance, security and/or monitoring of the Premises or neighboring properties, that was caused or materially contributed to by Lessee, or pertaining to or involving any Hazardous Substance brought onto the Premises during the term of this Lease, by or for Lessee, or any third party.

(d) **Lessee Indemnification.** Lessee shall indemnify, defend and hold Lessor, its agents, employees, lenders and ground lessor, if any, harmless from and against any and all loss of rents and/or damages, liabilities, judgments, claims, expenses, penalties, and attorneys' fees arising out of or involving any Hazardous Substance brought onto the Premises by or for Lessee, or any third party (provided, however, that Lessee shall have no liability under this Lease with respect to underground migration of any Hazardous Substance under the Premises from areas outside of the Project not caused or contributed to by Lessee). Lessee's obligations shall include, but not be limited to, the effects of any contamination or injury to person, property or the environment created or suffered by Lessee, and the cost of investigation, removal, remediation, restoration and/or abatement, and shall survive the expiration or termination of this Lease. No termination, cancellation or release agreement entered into by Lessor and Lessee shall release Lessee from its obligations under this Lease with respect to Hazardous Substances, unless specifically so agreed by Lessor in writing at the time of such agreement.

(e) **Lessor Indemnification.** Except as otherwise provided in paragraph 8.7, Lessor and its successors and assigns shall indemnify, defend, reimburse and hold Lessee, its employees and lenders, harmless from and against any and all environmental damages, including the cost of remediation, which result from Hazardous Substances which existed on the Premises prior to Lessee's occupancy or which are caused by

the gross negligence or willful misconduct of Lessor, its agents or employees. Lessor's obligations, as and when required by the Applicable Requirements, shall include, but not be limited to, the cost of investigation, removal, remediation, restoration and/or abatement, and shall survive the expiration or termination of this Lease.

(f) **Investigations and Remediations.** Lessor shall retain the responsibility and pay for any investigations or remediation measures required by governmental entities having jurisdiction with respect to the existence of Hazardous Substances on the Premises prior to Lessee's occupancy, unless such remediation measure is required as a result of Lessee's use (including "Alterations", as defined in paragraph 7.3(a) below) of the Premises, in which event Lessee shall be responsible for such payment. Lessee shall cooperate fully in any such activities at the request of Lessor, including allowing Lessor and Lessor's agents to have reasonable access to the Premises at reasonable times in order to carry out Lessor's investigative and remedial responsibilities.

(g) **Lessor Termination Option.** If a Hazardous Substance Condition (see Paragraph 9.1(e)) occurs during the term of this Lease, unless Lessee is legally responsible therefor (in which case Lessee shall make the investigation and remediation thereof required by the Applicable Requirements and this Lease shall continue in full force and effect, but subject to Lessor's rights under Paragraph 6.2(d) and Paragraph 13), Lessor may, at Lessor's option, either (i) investigate and remediate such Hazardous Substance Condition, if required, as soon as reasonably possible at Lessor's expense, in which event this Lease shall continue in full force and effect, or (ii) if the estimated cost to remediate such condition exceeds 12 times the then monthly Base Rent or \$100,000, whichever is greater, give written notice to Lessee, within 30 days after receipt by Lessor of knowledge of the occurrence of such Hazardous Substance Condition, of Lessor's desire to terminate this Lease as of the date 60 days following the date of such notice. In the event Lessor elects to give a termination notice, Lessee may, within 10 days thereafter, give written notice to Lessor of Lessee's commitment to pay the amount by which the cost of the remediation of such Hazardous Substance Condition exceeds an amount equal to 12 times the then monthly Base Rent or \$100,000, whichever is greater. Lessee shall provide Lessor with said funds or satisfactory assurance thereof within 30 days following such commitment. In such event, this Lease shall continue in full force and effect, and Lessor shall proceed to make such remediation as soon as reasonably possible after the required funds are available. If Lessee does not give such notice and provide the required funds or assurance thereof within the time provided, this Lease shall terminate as of the date specified in Lessor's notice of termination.

6.3 **Lessee's Compliance with Applicable Requirements.** Except as otherwise provided in this Lease, Lessee shall, at Lessee's sole expense, fully, diligently and in a timely manner, materially comply with all Applicable Requirements, the requirements of any applicable fire insurance underwriter or rating bureau, and the recommendations of Lessor's engineers and/or consultants which relate in any manner to the Premises, without regard to whether said requirements are now in effect or become effective after the Start Date. Lessee shall, within 10 days after receipt of Lessor's written request, provide Lessor with copies of all permits and other documents, and other information evidencing Lessee's compliance with any Applicable Requirements specified by Lessor, and shall immediately upon receipt, notify Lessor in writing (with copies of any documents involved) of any threatened or actual claim, notice, citation, warning, complaint or report pertaining to or involving the failure of Lessee or the Premises to comply with any Applicable Requirements. Likewise, Lessee shall immediately give written notice to Lessor of: (i) any water damage to the Premises and any suspected seepage, pooling, dampness or other condition conducive to the production of mold; or (ii) any mustiness or other odors that might indicate the presence of mold in the Premises.

6.4 **Inspection; Compliance.** Lessor and Lessor's "Lender" (as defined in Paragraph 30) and consultants shall have the right to enter into Premises at any time, in the case of an emergency, and otherwise at reasonable times, after reasonable notice, for the purpose of inspecting the condition of the Premises and for verifying compliance by Lessee with this Lease. The cost of any such inspections shall be paid by Lessor, unless a violation of Applicable Requirements, or a Hazardous Substance Condition (see paragraph 9.1e) is found to exist or be imminent, or the inspection is requested or ordered by a governmental authority. In such case, Lessee shall upon request reimburse Lessor for the cost of such inspection, so long as such inspection is reasonably related to the violation or contamination. In addition, Lessee shall provide copies of all relevant material safety data sheets (MSDS) to Lessor within 10 days of the receipt of written request therefor.

7. **Maintenance; Repairs; Utility Installations; Trade Fixtures and Alterations.**

7.1 **Lessee's Obligations.** Notwithstanding Lessor's obligation to keep the Premises in good condition and repair, Lessee shall be responsible for payment of the cost thereof to Lessor as additional rent for that portion of the cost of any maintenance and repair of the Premises, or any equipment (wherever located) that serves only Lessee or the Premises, to the extent such cost is attributable to abuse or misuse. In addition, Lessee rather than the Lessor shall be responsible for the cost of painting, repairing or replacing wall coverings, and to repair or replace any similar improvements within the Premises. Lessor may, at its option, upon reasonable notice, elect to have Lessee perform any particular such maintenance or repairs the cost of which is otherwise Lessee's responsibility hereunder."

7.2 **Lessor's Obligations.** Subject to the provisions of Paragraphs 2.2 (Condition), 2.3 (Compliance), 4.2 (Operating Expenses), 6 (Use), 7.1 (Lessee's Obligations), 9 (Damage or Destruction) and 14 (Condemnation), Lessor, subject to reimbursement pursuant to Paragraph 4.2, shall keep in good order, condition and repair the foundations, exterior walls, structural condition of interior bearing walls, exterior roof, fire sprinkler system, fire alarm and/or smoke detection systems, fire hydrants, and the Common Areas. Lessee expressly waives the benefit of any statute now or hereafter in effect to the extent it is inconsistent with the terms of this Lease.

7.3 **Utility Installations; Trade Fixtures; Alterations.**

(a) **Definitions.** The term "Utility Installations" refers to all floor and window coverings, air lines, vacuum lines, power panels, electrical distribution, security and fire protection systems, communication cabling, lighting fixtures, HVAC equipment, and plumbing in or on the Premises. The term "Trade Fixtures" shall mean Lessee's machinery and equipment that can be removed without doing material damage to the Premises. The term "Alterations" shall mean any modification of the improvements, other than Utility Installations or Trade Fixtures, whether by addition or deletion. "Lessee Owned Alterations and/or Utility Installations" are defined as Alterations and/or Utility Installations made by Lessee that are not yet owned by Lessor pursuant to Paragraph 7.4(a).

(b) **Consent.** Lessee shall not make any Alterations or Utility Installations to the Premises without Lessor's prior written consent. Lessee may, however, make non-structural Alterations or Utility Installations to the interior of the Premises (excluding the roof) without such consent but upon notice to Lessor, as long as they are not visible from the outside, do not involve puncturing, relocating or removing the roof, ceilings, floors or any existing walls, will not affect the electrical, plumbing, HVAC, and/or life safety systems, and the cumulative cost thereof during this Lease as extended does not exceed \$2,000. Notwithstanding the foregoing, Lessee shall not make or permit any roof penetrations and/or install anything on the roof without the prior written approval of Lessor. Lessor may, as a precondition to granting such approval, require Lessee to utilize a contractor chosen and/or approved by Lessor. Any Alterations or Utility Installations that Lessee shall desire to make and which require the consent of the Lessor shall be presented to Lessor in written form with detailed plans. Consent shall be deemed conditioned upon Lessee's: (i) acquiring all applicable governmental permits, (ii) furnishing Lessor with copies of both the permits and the plans and specifications prior to commencement of the work, and (iii) compliance with all conditions of said permits and other Applicable Requirements in a prompt and expeditious manner. Any Alterations or Utility Installations shall be performed in a workmanlike manner with good and sufficient materials. Lessee shall promptly upon completion furnish Lessor with asbuilt plans and specifications. For work which costs an amount in excess of one month's Base Rent, Lessor may condition its consent upon Lessee providing a lien and completion bond in an amount equal to 150% of the estimated cost of such Alteration or Utility Installation and/or upon Lessee's posting an additional Security Deposit with Lessor. In addition to, and without limiting the other requirements of this Paragraph 7.3 all utilities, installations, and alterations made by Lessee shall also be subject to the provisions of Exhibit "D" attached to this Lease.

(c) **Liens; Bonds.** Lessee shall pay, when due, all claims for labor or materials furnished or alleged to have been furnished to or for Lessee at or for use on the Premises, which claims are or may be secured by any mechanic's or materialmen's lien against the Premises or any interest therein. Lessee shall give Lessor not less than 10 days notice prior to the commencement of any work in, on or about the Premises, and Lessor shall have the right to post notices of non-responsibility. If Lessee shall contest the validity of any such lien, claim or demand, then Lessee shall, at its sole expense defend and protect itself, Lessor and the Premises against the same and shall pay and satisfy any such adverse judgment that may be rendered thereon before the enforcement thereof. If Lessor shall require, Lessee shall furnish a surety bond in an amount equal to 150% of the amount of such contested lien, claim or demand, indemnifying Lessor against liability for the same. If Lessor elects to participate in any such action, Lessee shall pay Lessor's attorneys' fees and costs.

7.4 **Ownership; Removal; Surrender; and Restoration.**

(a) **Ownership.** Subject to Lessor's right to require removal or elect ownership as hereinafter provided, all Alterations and Utility Installations made by Lessee shall be the property of Lessee, but considered a part of the Premises. Lessor may, at any time, elect in writing to be the owner of all or any specified part of the Lessee Owned Alterations and Utility Installations. Unless otherwise instructed per paragraph 7.4(b) hereof, all Lessee Owned Alterations and Utility Installations shall, at the expiration or termination of this Lease, become the property of Lessor and be surrendered by Lessee with the Premises.

(b) **Removal.** By delivery to Lessee of written notice from Lessor not earlier than 90 and not later than 30 days prior to the end of the term of this Lease, Lessor may require that any or all Lessee Owned Alterations or Utility Installations be removed by the expiration or termination of this Lease. Lessor may require the removal at any time of all or any part of any Lessee Owned Alterations or Utility Installations made without the required consent.

(c) **Surrender; Restoration.** Lessee shall surrender the Premises by the Expiration Date or any earlier termination date, with all of the improvements, parts and surfaces thereof clean and free of debris, and in good operating order, condition and state of repair, ordinary wear and tear

excepted. "Ordinary wear and tear" shall not include any damage or deterioration that would have been prevented by good maintenance practice. Notwithstanding the foregoing, if this Lease is for 12 months or less, then Lessee shall surrender the Premises in the same condition as delivered to Lessee on the Start Date with NO allowance for ordinary wear and tear. Lessee shall repair any damage occasioned by the installation, maintenance or removal of Trade Fixtures, Lessee owned Alterations and/or Utility Installations, furnishings, and equipment as well as the removal of any storage tank installed by or for Lessee. Lessee shall also completely remove from the Premises any and all Hazardous Substances brought onto the Premises by or for Lessee, or any third party (except Hazardous Substances which were deposited via underground migration from areas outside of the Premises) even if such removal would require Lessee to perform or pay for work that exceeds statutory requirements. Trade Fixtures shall remain the property of Lessee and shall be removed by Lessee. Any personal property of Lessee not removed on or before the Expiration Date or any earlier termination date shall be deemed to have been abandoned by Lessee and may be disposed of or retained by Lessor as Lessor may desire. The failure by Lessee to timely vacate the Premises pursuant to this Paragraph 7.4(c) without the express written consent of Lessor shall constitute a holdover under the provisions of Paragraph 26 below.

8. (See Addendum Paragraph 3.)

Insurance; Indemnity.

~~8.1 Insurance-Premiums.—The cost of the premiums for the insurance policies maintained by Lessor pursuant to paragraph 8 are included as Operating Expenses (see paragraph 4.2 (c)(iv)). Said costs shall include increases in the premiums resulting from additional coverage related to requirements of the holder of a mortgage or deed of trust covering the Premises, Building and/or Project, increased valuation of the Premises, Building and/or Project, and/or a general premium rate increase. Said costs shall not, however, include any premium increases resulting from the nature of the occupancy of any other tenant of the Building. If the Project was not insured for the entirety of the Base Year, then the base premium shall be the lowest annual premium reasonably obtainable for the required insurance as of the Start Date, assuming the most nominal use possible of the Building and/or Project. In no event, however, shall Lessee be responsible for any portion of the premium cost attributable to liability insurance coverage in excess of \$2,000,000 procured under Paragraph 8.2(b).~~

~~8.2 Liability Insurance.~~

~~(a) Carried by Lessee.—Lessee shall obtain and keep in force a Commercial General Liability policy of insurance protecting Lessee and Lessor as an additional insured against claims for bodily injury, personal injury and property damage based upon or arising out of the ownership, use, occupancy or maintenance of the Premises and all areas appurtenant thereto. Such insurance shall be on an occurrence basis providing single limit coverage in an amount not less than \$1,000,000 per occurrence with an annual aggregate of not less than \$2,000,000. Lessee shall add Lessor as an additional insured by means of an endorsement at least as broad as the Insurance Service Organization's "Additional Insured-Manager or Lessors of Premises". Endorsement and coverage shall also be extended to include damage caused by heat, smoke or fumes from a hostile fire. The policy shall not contain any intra-insured exclusions as between insured persons or organizations, but shall include coverage for liability assumed under this Lease as an "insured contract" for the performance of Lessee's indemnity obligations under this Lease. The limits of said insurance shall not, however, limit the liability of Lessee nor relieve Lessee of any obligation hereunder. Lessee shall provide an endorsement on its liability policy(ies) which provides that its insurance shall be primary to and not contributory with any similar insurance carried by Lessor, whose insurance shall be considered excess insurance only.~~

~~(b) Carried by Lessor.—Lessor shall maintain liability insurance as described in Paragraph 8.2(a), in addition to, and not in lieu of, the insurance required to be maintained by Lessee. Lessee shall not be named as an additional insured therein.~~

~~8.3 Property Insurance—Building, Improvements and Rental Value.~~

~~(a) Building and Improvements.—Lessor shall obtain and keep in force a policy or policies of insurance in the name of Lessor, with loss payable to Lessor, any ground lessor, and to any Lender insuring loss or damage to the Building and/or Project. The amount of such insurance shall be equal to the full insurable replacement cost of the Building and/or Project, as the same shall exist from time to time, or the amount required by any Lender, but in no event more than the commercially reasonable and available insurable value thereof. Lessee Owned Alterations and Utility Installations, Trade Fixtures, and Lessee's personal property shall be insured by Lessee not by Lessor. If the coverage is available and commercially appropriate, such policy or policies shall insure against all risks of direct physical loss or damage (except the perils of flood and/or earthquake unless required by a Lender), including coverage for debris removal and the enforcement of any Applicable Requirements requiring the upgrading, demolition, reconstruction or replacement of any portion of the Premises as the result of a covered loss. Said policy or policies shall also contain an agreed valuation provision in lieu of any coinsurance clause, waiver of subrogation, and inflation guard protection causing an increase in the annual property insurance coverage amount by a factor of not less than the adjusted U.S. Department of Labor Consumer Price Index for All Urban Consumers for the city nearest to where the Premises are located. If such insurance coverage has a deductible clause, the deductible amount shall not exceed \$5,000 per occurrence.~~

~~(b) Rental Value.—Lessor shall also obtain and keep in force a policy or policies in the name of Lessor with loss payable to Lessor and any Lender, insuring the loss of the full Rent for one year with an extended period of indemnity for an additional 180 days ("Rental Value Insurance"). Said insurance shall contain an agreed valuation provision in lieu of any coinsurance clause, and the amount of coverage shall be adjusted annually to reflect the projected Rent otherwise payable by Lessee, for the next 12 month period.~~

~~(c) Adjacent Premises.—Lessee shall pay for any increase in the premiums for the property insurance of the Building and for the Common Areas or other buildings in the Project if said increase is caused by Lessee's acts, omissions, use or occupancy of the Premises.~~

~~(d) Lessee's Improvements.—Since Lessor is the Insuring Party, Lessor shall not be required to insure Lessee Owned Alterations and Utility Installations unless the item in question has become the property of Lessor under the terms of this Lease.~~

~~8.4 Lessee's Property; Business Interruption Insurance; Worker's Compensation Insurance.~~

~~(a) Property Damage.—Lessee shall obtain and maintain insurance coverage on all of Lessee's personal property, Trade Fixtures, and Lessee Owned Alterations and Utility Installations. Such insurance shall be full replacement cost coverage with a deductible of not to exceed \$1,000 per occurrence. The proceeds from any such insurance shall be used by Lessee for the replacement of personal property, Trade Fixtures and Lessee Owned Alterations and Utility Installations.~~

~~(b) Worker's Compensation Insurance.—Lessee shall obtain and maintain Worker's Compensation Insurance in such amount as may be required by Applicable Requirements. Such policy shall include a "Waiver of Subrogation" endorsement. Lessee shall provide Lessor with a copy of such endorsement along with the certificate of insurance or copy of the policy required by paragraph 8.5.~~

~~(c) Business Interruption.—Lessee shall obtain and maintain loss of income and extra expense insurance in amounts as will reimburse Lessee for direct or indirect loss of earnings attributable to all perils commonly insured against by prudent lessees in the business of Lessee or attributable to prevention of access to the Premises as a result of such perils.~~

~~(d) No Representation of Adequate Coverage.—Lessor makes no representation that the limits or forms of coverage of insurance specified herein are adequate to cover Lessee's property, business operations or obligations under this Lease.~~

~~8.5 Insurance Policies.—Insurance required herein shall be by companies maintaining during the policy term a "General Policyholders Rating" of at least A-, VII, as set forth in the most current issue of "Best's Insurance Guide", or such other rating as may be required by a Lender. Lessee shall not do or permit to be done anything which invalidates the required insurance policies. Lessee shall, prior to the Start Date, deliver to Lessor certified copies of policies of such insurance or certificates with copies of the required endorsements evidencing the existence and amounts of the required insurance. No such policy shall be cancelable or subject to modification except after 10 days prior written notice to Lessor. Lessee shall, at least 30 days prior to the expiration of such policies, furnish Lessor with evidence of renewals or "insurance binders" evidencing renewal thereof, or Lessor may order such insurance and charge the cost thereof to Lessee, which amount shall be payable by Lessee to Lessor upon demand. Such policies shall be for a term of at least one year, or the length of the remaining term of this Lease, whichever is less. If either Party shall fail to procure and maintain the insurance required to be carried by it, the other Party may, but shall not be required to, procure and maintain the same.~~

~~8.6 Waiver of Subrogation.—Without affecting any other rights or remedies, Lessee and Lessor each hereby release and relieve the other, and waive their entire right to recover damages against the other, for loss of or damage to its property arising out of or incident to the perils required to be insured against herein. The effect of such releases and waivers is not limited by the amount of insurance carried or required, or by any deductibles applicable hereto. The Parties agree to have their respective property damage insurance carriers waive any right to subrogation that such companies may have against Lessor or Lessee, as the case may be, so long as the insurance is not invalidated thereby.~~

~~8.7 Indemnity.—Except for Lessor's gross negligence or willful misconduct, Lessee shall indemnify, protect, defend and hold harmless the Premises, Lessor and its agents, Lessor's master or ground lessor, partners and Lenders, from and against any and all claims, loss of rents and/or damages, liens, judgments, penalties, attorneys' and consultants' fees, expenses and/or liabilities arising out of, involving, or in connection with, the use and/or occupancy of the Premises by Lessee. If any action or proceeding is brought against Lessor by reason of any of the foregoing matters, Lessee shall upon notice defend the same at Lessee's expense by counsel reasonably satisfactory to Lessor and Lessor shall cooperate with Lessee in such defense. Lessor need not have first paid any such claim in order to be defended or indemnified.~~

~~8.8 Exemption of Lessor and its Agents from Liability.—Notwithstanding the negligence or breach of this Lease by Lessor or its agents, neither Lessor nor its agents shall be liable under any circumstances for: (i) injury or damage to the person or goods, wares, merchandise or other property of Lessee, Lessee's employees, contractors, invitees, customers, or any other person in or about the Premises, whether such damage or injury is caused by or results from fire, steam, electricity, gas, water or rain, indoor air quality, the presence of mold or from the breakage, leakage, obstruction or other defects of pipes, fire sprinklers, wires, appliances, plumbing, HVAC or lighting fixtures, or from any other cause, whether the said injury or damage results from conditions arising upon the Premises or upon other portions of the Building, or from other sources or places, (ii) any~~

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damages arising from any act or neglect of any other tenant of Lessor or from the failure of Lessor or its agents to enforce the provisions of any other lease in the Project, or (iii) injury to Lessee's business or for any loss of income or profit therefrom. Instead, it is intended that Lessee's sole recourse in the event of such damages or injury be to file a claim on the insurance policy(ies) that Lessee is required to maintain pursuant to the provisions of paragraph 8.

8.9 **Failure to Provide Insurance.** Lessee acknowledges that any failure on its part to obtain or maintain the insurance required herein will expose Lessor to risks and potentially cause Lessor to incur costs not contemplated by this Lease, the extent of which will be extremely difficult to ascertain. Accordingly, for any month or portion thereof that Lessee does not maintain the required insurance and/or does not provide Lessor with the required binders or certificates evidencing the existence of the required insurance, the Base Rent shall be automatically increased, without any requirement for notice to Lessee, by an amount equal to 10% of the then existing Base Rent or \$100, whichever is greater. The parties agree that such increase in Base Rent represents fair and reasonable compensation for the additional risk/costs that Lessor will incur by reason of Lessee's failure to maintain the required insurance. Such increase in Base Rent shall in no event constitute a waiver of Lessee's Default or Breach with respect to the failure to maintain such insurance, prevent the exercise of any of the other rights and remedies granted hereunder, nor relieve Lessee of its obligation to maintain the insurance specified in this Lease.

9. **Damage or Destruction.**

9.1 **Definitions.**

(a) **"Premises Partial Damage"** shall mean damage or destruction to the improvements on the Premises, other than Lessee Owned Alterations and Utility Installations, which can reasonably be repaired in 3 months or less from the date of the damage or destruction, and the cost thereof does not exceed a sum equal to 6 month's Base Rent. Lessor shall notify Lessee in writing within 30 days from the date of the damage or destruction as to whether or not the damage is Partial or Total.

(b) **"Premises Total Destruction"** shall mean damage or destruction to the improvements on the Premises, other than Lessee Owned Alterations and Utility Installations and Trade Fixtures, which cannot reasonably be repaired in 3 months or less from the date of the damage or destruction and/or the cost thereof exceeds a sum equal to 6 month's Base Rent. Lessor shall notify Lessee in writing within 30 days from the date of the damage or destruction as to whether or not the damage is Partial or Total.

(c) **"Insured Loss"** shall mean damage or destruction to improvements on the Premises, other than Lessee Owned Alterations and Utility Installations and Trade Fixtures, which was caused by an event required to be covered by the insurance described in Paragraphs 8.1 & 8.2 of this Lease (See Addendum Paragraph 3) Paragraph 8-3(a), irrespective of any deductible amounts or coverage limits involved.

(d) **"Replacement Cost"** shall mean the cost to repair or rebuild the improvements owned by Lessor at the time of the occurrence to their condition existing immediately prior thereto, including demolition, debris removal and upgrading required by the operation of Applicable Requirements, and without deduction for depreciation.

(e) **"Hazardous Substance Condition"** shall mean the occurrence or discovery of a condition involving the presence of, or a contamination by, a Hazardous Substance, in, on, or under the Premises which requires restoration.

9.2 **Partial Damage - Insured Loss.** If a Premises Partial Damage that is an Insured Loss occurs, then Lessor shall, at Lessor's expense, repair such damage (but not Lessee's Trade Fixtures or Lessee Owned Alterations and Utility Installations) as soon as reasonably possible and this Lease shall continue in full force and effect; provided, however, that Lessee shall, at Lessor's election, make the repair of any damage or destruction the total cost to repair of which is \$5,000 or less, and, in such event, Lessor shall make any applicable insurance proceeds available to Lessee on a reasonable basis for that purpose. Notwithstanding the foregoing, if the required insurance was not in force or the insurance proceeds are not sufficient to effect such repair, the Insuring Party shall promptly contribute the shortage in proceeds as and when required to complete said repairs. In the event, however, such shortage was due to the fact that, by reason of the unique nature of the improvements, full replacement cost insurance coverage was not commercially reasonable and available, Lessor shall have no obligation to pay for the shortage in insurance proceeds or to fully restore the unique aspects of the Premises unless Lessee provides Lessor with the funds to cover same, or adequate assurance thereof, within 10 days following receipt of written notice of such shortage and request therefor. If Lessor receives said funds or adequate assurance thereof within said 10 day period, the party responsible for making the repairs shall complete them as soon as reasonably possible and this Lease shall remain in full force and effect. If such funds or assurance are not received, Lessor may nevertheless elect by written notice to Lessee within 10 days thereafter to: (i) make such restoration and repair as is commercially reasonable with Lessor paying any shortage in proceeds, in which case this Lease shall remain in full force and effect, or (ii) have this Lease terminate 30 days thereafter. Lessee shall not be entitled to reimbursement of any funds contributed by Lessee to repair any such damage or destruction. Premises Partial Damage due to flood or earthquake shall be subject to Paragraph 9.3, notwithstanding that there may be some insurance coverage, but the net proceeds of any such insurance shall be made available for the repairs if made by either Party.

9.3 **Partial Damage - Uninsured Loss.** If a Premises Partial Damage that is not an Insured Loss occurs, unless caused by a negligent or willful act of Lessee (in which event Lessee shall make the repairs at Lessee's expense), Lessor may either: (i) repair such damage as soon as reasonably possible at Lessor's expense, in which event this Lease shall continue in full force and effect, or (ii) terminate this Lease by giving written notice to Lessee within 30 days after receipt by Lessor of knowledge of the occurrence of such damage. Such termination shall be effective 60 days following the date of such notice. In the event Lessor elects to terminate this Lease, Lessee shall have the right within 10 days after receipt of the termination notice to give written notice to Lessor of Lessee's commitment to pay for the repair of such damage without reimbursement from Lessor. Lessee shall provide Lessor with said funds or satisfactory assurance thereof within 30 days after making such commitment. In such event this Lease shall continue in full force and effect, and Lessor shall proceed to make such repairs as soon as reasonably possible after the required funds are available. If Lessee does not make the required commitment, this Lease shall terminate as of the date specified in the termination notice.

9.4 **Total Destruction.** Notwithstanding any other provision hereof, if a Premises Total Destruction occurs, this Lease shall terminate 60 days following such Destruction. If the damage or destruction was caused by the gross negligence or willful misconduct of Lessee, Lessor shall have the right to recover Lessor's damages from Lessee, except as provided in Paragraph 8.3 (e) of this Lease (see Addendum Paragraph 3) Paragraph 8-6.

9.5 **Damage Near End of Term.** If at any time during the last 6 months of this Lease there is damage for which the cost to repair exceeds one month's Base Rent, whether or not an Insured Loss, Lessor may terminate this Lease effective 60 days following the date of occurrence of such damage by giving a written termination notice to Lessee within 30 days after the date of occurrence of such damage. Notwithstanding the foregoing, if Lessee at that time has an exercisable option to extend this Lease or to purchase the Premises, then Lessee may preserve this Lease by, (a) exercising such option and (b) providing Lessor with any shortage in insurance proceeds (or adequate assurance thereof) needed to make the repairs on or before the earlier of (i) the date which is 10 days after Lessee's receipt of Lessor's written notice purporting to terminate this Lease, or (ii) the day prior to the date upon which such option expires. If Lessee duly exercises such option during such period and provides Lessor with funds (or adequate assurance thereof) to cover any shortage in insurance proceeds, Lessor shall, at Lessor's commercially reasonable expense, repair such damage as soon as reasonably possible and this Lease shall continue in full force and effect. If Lessee fails to exercise such option and provide such funds or assurance during such period, then this Lease shall terminate on the date specified in the termination notice and Lessee's option shall be extinguished.

9.6 **Abatement of Rent; Lessee's Remedies.**

(a) **Abatement.** In the event of Premises Partial Damage or Premises Total Destruction or a Hazardous Substance Condition for which Lessee is not responsible under this Lease, the Rent payable by Lessee for the period required for the repair, remediation or restoration of such damage shall be abated in proportion to the degree to which Lessee's use of the Premises is impaired, but not to exceed the proceeds received from the Rental Value insurance. All other obligations of Lessee hereunder shall be performed by Lessee, and Lessor shall have no liability for any such damage, destruction, remediation, repair or restoration except as provided herein.

(b) **Remedies.** If Lessor is obligated to repair or restore the Premises and does not commence, in a substantial and meaningful way, such repair or restoration within 90 days after such obligation shall accrue, Lessee may, at any time prior to the commencement of such repair or restoration, give written notice to Lessor and to any Lenders of which Lessee has actual notice, of Lessee's election to terminate this Lease on a date not less than 60 days following the giving of such notice. If Lessee gives such notice and such repair or restoration is not commenced within 30 days thereafter, this Lease shall terminate as of the date specified in said notice. If the repair or restoration is commenced within such 30 days, this Lease shall continue in full force and effect. "Commence" shall mean either the unconditional authorization of the preparation of the required plans, or the beginning of the actual work on the Premises, whichever first occurs.

9.7 **Termination; Advance Payments.** Upon termination of this Lease pursuant to Paragraph 6.2(g) or Paragraph 9, an equitable adjustment shall be made concerning advance Base Rent and any other advance payments made by Lessee to Lessor. Lessor shall, in addition, return to Lessee so much of Lessee's Security Deposit as has not been, or is not then required to be, used by Lessor.

10. **Real Property Taxes.**

10.1 **Definitions.** As used herein, the term "Real Property Taxes" shall include any form of assessment; real estate, general, special, ordinary or extraordinary, or rental levy or tax (other than inheritance, personal income or estate taxes); improvement bond; and/or license fee imposed upon or levied against any legal or equitable interest of Lessor in the Project, Lessor's right to other income therefrom, and/or Lessor's business of leasing, by any authority having the direct or indirect power to tax and where the funds are generated with reference to the Project address and where the proceeds so generated are to be applied by the city, county or other local taxing authority of a jurisdiction within which the Project is located. "Real

Property Taxes shall also include any tax, fee, levy, assessment or charge, or any increase therein: (i) imposed by reason of events occurring during the term of this Lease, including but not limited to, a change in the ownership of the Project, (ii) a change in the improvements thereon, and/or (iii) levied or assessed on machinery or equipment provided by Lessor to Lessee pursuant to this Lease.

10.2 Payment of Taxes. Except as otherwise provided in Paragraph 10.3, Lessor shall pay the Real Property Taxes applicable to the Project, and said payments shall be included in the calculation of Operating Expenses in accordance with the provisions of Paragraph 4.2.

10.3 Additional Improvements. Operating Expenses shall not include Real Property Taxes specified in the tax assessor's records and work sheets as being caused by additional improvements placed upon the Project by other lessees or by Lessor for the exclusive enjoyment of such other lessees. Notwithstanding Paragraph 10.2 hereof, Lessee shall, however, pay to Lessor at the time Operating Expenses are payable under Paragraph 4.2, the entirety of any increase in Real Property Taxes if assessed solely by reason of Alterations, Trade Fixtures or Utility Installations placed upon the Premises by Lessee or at Lessee's request or by reason of any alterations or improvements to the Premises made by Lessor subsequent to the execution of this Lease by the Parties.

10.4 Joint Assessment. If the Building is not separately assessed, Real Property Taxes allocated to the Building shall be an equitable proportion of the Real Property Taxes for all of the land and improvements included within the tax parcel assessed, such proportion to be determined by Lessor from the respective valuations assigned in the assessor's work sheets or such other information as may be reasonably available. Lessor's reasonable determination thereof, in good faith, shall be conclusive.

10.5 Personal Property Taxes. Lessee shall pay prior to delinquency all taxes assessed against and levied upon Lessee Owned Alterations and Utility Installations, Trade Fixtures, furnishings, equipment and all personal property of Lessee contained in the Premises. When possible, Lessee shall cause its Lessee Owned Alterations and Utility Installations, Trade Fixtures, furnishings, equipment and all other personal property to be assessed and billed separately from the real property of Lessor. If any of Lessee's said property shall be assessed with Lessor's real property, Lessee shall pay Lessor the taxes attributable to Lessee's property within 10 days after receipt of a written statement setting forth the taxes applicable to Lessee's property.

11. Utilities and Services.

11.1 Services Provided by Lessor. Lessor shall provide heating, ventilation, air conditioning, reasonable amounts of electricity for normal lighting and office machines, water for reasonable and normal drinking and lavatory use in connection with an office, and replacement light bulbs and/or fluorescent tubes and ballasts for standard overhead fixtures. Lessor shall also provide janitorial services to the Premises and Common Areas 5 times per week, excluding Building Holidays, or pursuant to the attached janitorial schedule, if any. Lessor shall not, however, be required to provide janitorial services to kitchens or storage areas included within the Premises.

11.2 Services Exclusive to Lessee. Lessee shall pay for all water, gas, light, power, telephone and other utilities and services specially or exclusively supplied and/or metered exclusively to the Premises or to Lessee, together with any taxes thereon. If a service is deleted by Paragraph 1.13 and such service is not separately metered to the Premises, Lessee shall pay at Lessor's option, either Lessee's Share or a reasonable proportion to be determined by Lessor of all charges for such jointly metered service.

11.3 Hours of Service. Said services and utilities shall be provided during times set forth in Paragraph 1.12. Utilities and services required at other times shall be subject to advance request and reimbursement by Lessee to Lessor of the cost thereof.

11.4 Excess Usage by Lessee. Lessee shall not make connection to the utilities except by or through existing outlets and shall not install or use machinery or equipment in or about the Premises that uses excess water, lighting or power, or suffer or permit any act that causes extra burden upon the utilities or services, including but not limited to security and trash services, over standard office usage for the Project. Lessor shall require Lessee to reimburse Lessor for any excess expenses or costs that may arise out of a breach of this subparagraph by Lessee. Lessor may, in its sole discretion, install at Lessee's expense supplemental equipment and/or separate metering applicable to Lessee's excess usage or loading.

11.5 Interruptions. There shall be no abatement of rent and Lessor shall not be liable in any respect whatsoever for the inadequacy, stoppage, interruption or discontinuance of any utility or service due to riot, strike, labor dispute, breakdown, accident, repair or other cause beyond Lessor's reasonable control or in cooperation with governmental request or directions.

12. Assignment and Subletting.

12.1 Lessor's Consent Required.

(a) Lessee shall not voluntarily or by operation of law assign, transfer, mortgage or encumber (collectively, "assign or assignment") or sublet all or any part of Lessee's interest in this Lease or in the Premises without Lessor's prior written consent.

(b) Unless Lessee is a corporation and its stock is publicly traded on a national stock exchange, a change in the control of Lessee shall constitute an assignment requiring consent. The transfer, on a cumulative basis, of 25% or more of the voting control of Lessee shall constitute a change in control for this purpose.

(c) The involvement of Lessee or its assets in any transaction, or series of transactions (by way of merger, sale, acquisition, financing, transfer, leveraged buyout or otherwise), whether or not a formal assignment or hypothecation of this Lease or Lessee's assets occurs, which results or will result in a reduction of the Net Worth of Lessee by an amount greater than 25% of such Net Worth as it was represented at the time of the execution of this Lease or at the time of the most recent assignment to which Lessor has consented, or as it exists immediately prior to said transaction or transactions constituting such reduction, whichever was or is greater, shall be considered an assignment of this Lease to which Lessor may withhold its consent. "Net Worth of Lessee" shall mean the net worth of Lessee (excluding any guarantors) established under generally accepted accounting principles.

(d) An assignment or subletting without consent shall, at Lessor's option, be a Default curable after notice per Paragraph 13.1(c), or a noncurable Breach without the necessity of any notice and grace period. If Lessor elects to treat such unapproved assignment or subletting as a noncurable Breach, Lessor may either: (i) terminate this Lease, or (ii) upon 30 days written notice, increase the monthly Base Rent to 110% of the Base Rent then in effect. Further, in the event of such Breach and rental adjustment, (i) the purchase price of any option to purchase the Premises held by Lessee shall be subject to similar adjustment to 110% of the price previously in effect, and (ii) all fixed and non-fixed rental adjustments scheduled during the remainder of the Lease term shall be increased to 110% of the scheduled adjusted rent.

(e) Lessee's remedy for any breach of Paragraph 12.1 by Lessor shall be limited to compensatory damages and/or injunctive relief.

(f) Lessor may reasonably withhold consent to a proposed assignment or subletting if Lessee is in Default at the time consent is requested.

(g) Notwithstanding the foregoing, allowing a de minimis portion of the Premises, i.e. 20 square feet or less, to be used by a third party vendor in connection with the installation of a vending machine or payphone shall not constitute a subletting.

12.2 Terms and Conditions Applicable to Assignment and Subletting.

(a) Regardless of Lessor's consent, no assignment or subletting shall: (i) be effective without the express written assumption by such assignee or sublessee of the obligations of Lessee under this Lease, (ii) release Lessee of any obligations hereunder, or (iii) alter the primary liability of Lessee for the payment of Rent or for the performance of any other obligations to be performed by Lessee.

(b) Lessor may accept Rent or performance of Lessee's obligations from any person other than Lessee pending approval or disapproval of an assignment. Neither a delay in the approval or disapproval of such assignment nor the acceptance of Rent or performance shall constitute a waiver or estoppel of Lessor's right to exercise its remedies for Lessee's Default or Breach.

(c) Lessor's consent to any assignment or subletting shall not constitute a consent to any subsequent assignment or subletting.

(d) In the event of any Default or Breach by Lessee, Lessor may proceed directly against Lessee, any Guarantors or anyone else responsible for the performance of Lessee's obligations under this Lease, including any assignee or sublessee, without first exhausting Lessor's remedies against any other person or entity responsible therefore to Lessor, or any security held by Lessor.

(e) Each request for consent to an assignment or subletting shall be in writing, accompanied by information relevant to Lessor's determination as to the financial and operational responsibility and appropriateness of the proposed assignee or sublessee, including but not limited to the intended use and/or required modification of the Premises, if any, together with a fee of \$500 as consideration for Lessor's considering and processing said request. Lessee agrees to provide Lessor with such other or additional information and/or documentation as may be reasonably requested. (See also Paragraph 36)

(f) Any assignee of, or sublessee under, this Lease shall, by reason of accepting such assignment, entering into such sublease, or entering into possession of the Premises or any portion thereof, be deemed to have assumed and agreed to conform and comply with each and every term, covenant, condition and obligation herein to be observed or performed by Lessee during the term of said assignment or sublease, other than such obligations as are contrary to or inconsistent with provisions of an assignment or sublease to which Lessor has specifically consented to in writing.

(g) Lessor's consent to any assignment or subletting shall not transfer to the assignee or sublessee any Option granted to the original Lessee by this Lease unless such transfer is specifically consented to by Lessor in writing. (See Paragraph 39.2)

12.3 Additional Terms and Conditions Applicable to Subletting. The following terms and conditions shall apply to any subletting by Lessee of all or any part of the Premises and shall be deemed included in all subleases under this Lease whether or not expressly incorporated therein:

(a) Lessee hereby assigns and transfers to Lessor all of Lessee's interest in all Rent payable on any sublease, and Lessor may collect such Rent and apply same toward Lessee's obligations under this Lease; provided, however, that until a Breach shall occur in the performance of Lessee's obligations, Lessee may collect said Rent. In the event that the amount collected by Lessor exceeds Lessee's then outstanding obligations any such excess shall be refunded to Lessee. Lessor shall not, by reason of the foregoing or any assignment of such sublease, nor by reason of the

collection of Rent, be deemed liable to the sublessee for any failure of Lessee to perform and comply with any of Lessee's obligations to such sublessee. Lessee hereby irrevocably authorizes and directs any such sublessee, upon receipt of a written notice from Lessor stating that a Breach exists in the performance of Lessee's obligations under this Lease, to pay to Lessor all Rent due and to become due under the sublease. Sublessee shall rely upon any such notice from Lessor and shall pay all Rents to Lessor without any obligation or right to inquire as to whether such Breach exists, notwithstanding any claim from Lessee to the contrary.

(b) In the event of a Breach by Lessee, Lessor may, at its option, require sublessee to attorn to Lessor, in which event Lessor shall undertake the obligations of the sublessor under such sublease from the time of the exercise of said option to the expiration of such sublease; provided, however, Lessor shall not be liable for any prepaid rents or security deposit paid by such sublessee to such sublessor or for any prior Defaults or Breaches of such sublessor.

(c) Any matter requiring the consent of the sublessor under a sublease shall also require the consent of Lessor.

(d) No sublessee shall further assign or sublet all or any part of the Premises without Lessor's prior written consent.

(e) Lessor shall deliver a copy of any notice of Default or Breach by Lessee to the sublessee, who shall have the right to cure the Default of Lessee within the grace period, if any, specified in such notice. The sublessee shall have a right of reimbursement and offset from and against Lessee for any such Defaults cured by the sublessee.

13. Default; Breach; Remedies.

13.1 **Default; Breach.** A "Default" is defined as a failure by the Lessee to comply with or perform any of the terms, covenants, conditions or Rules and Regulations under this Lease. A "Breach" is defined as the occurrence of one or more of the following Defaults, and the failure of Lessee to cure such Default within any applicable grace period:

(a) The abandonment of the Premises; or the vacating of the Premises without providing a commercially reasonable level of security, or where the coverage of the property insurance described in Paragraphs 8.1 & 8.2 of this Lease (See Addendum Paragraph 3) Paragraph 8-3 is jeopardized as a result thereof, or without providing reasonable assurances to minimize potential vandalism.

(b) The failure of Lessee to make any payment of Rent or any Security Deposit required to be made by Lessee hereunder, whether to Lessor or to a third party, when due, to provide reasonable evidence of insurance or surety bond, or to fulfill any obligation under this Lease which endangers or threatens life or property, where such failure continues for a period of 3 business days following written notice to Lessee. THE ACCEPTANCE BY LESSOR OF A PARTIAL PAYMENT OF RENT OR SECURITY DEPOSIT SHALL NOT CONSTITUTE A WAIVER OF ANY OF LESSOR'S RIGHTS, INCLUDING LESSOR'S RIGHT TO RECOVER POSSESSION OF THE PREMISES.

(c) The failure of Lessee to allow Lessor and/or its agents access to the Premises or the commission of waste, act or acts constituting public or private nuisance, and/or an illegal activity on the Premises by Lessee, where such actions continue for a period of 3 business days following written notice to Lessee.

(d) The failure by Lessee to provide (i) reasonable written evidence of compliance with Applicable Requirements, (ii) the service contracts, (iii) the rescission of an unauthorized assignment or subletting, (iv) an Estoppel Certificate or financial statements, (v) a requested subordination, (vi) evidence concerning any guaranty and/or Guarantor, (vii) any document requested under Paragraph 41, (viii) material data safety sheets (MSDS), or (ix) any other documentation or information which Lessor may reasonably require of Lessee under the terms of this Lease, where any such failure continues for a period of 10 days following written notice to Lessee.

(e) A Default by Lessee as to the terms, covenants, conditions or provisions of this Lease, or of the rules adopted under Paragraph 2.9 hereof, other than those described in subparagraphs 13.1(a), (b) or (c), above, where such Default continues for a period of 30 days after written notice; provided, however, that if the nature of Lessee's Default is such that more than 30 days are reasonably required for its cure, then it shall not be deemed to be a Breach if Lessee commences such cure within said 30 day period and thereafter diligently prosecutes such cure to completion.

(f) The occurrence of any of the following events: (i) the making of any general arrangement or assignment for the benefit of creditors; (ii) becoming a "debtor" as defined in 11 U.S.C. § 101 or any successor statute thereto (unless, in the case of a petition filed against Lessee, the same is dismissed within 60 days); (iii) the appointment of a trustee or receiver to take possession of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where possession is not restored to Lessee within 30 days; or (iv) the attachment, execution or other judicial seizure of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where such seizure is not discharged within 30 days; provided, however, in the event that any provision of this subparagraph is contrary to any applicable law, such provision shall be of no force or effect, and not affect the validity of the remaining provisions.

(g) The discovery that any financial statement of Lessee or of any Guarantor given to Lessor was materially false.

(h) If the performance of Lessee's obligations under this Lease is guaranteed: (i) the death of a Guarantor, (ii) the termination of a Guarantor's liability with respect to this Lease other than in accordance with the terms of such guaranty, (iii) a Guarantor's becoming insolvent or the subject of a bankruptcy filing, (iv) a Guarantor's refusal to honor the guaranty, or (v) a Guarantor's breach of its guaranty obligation on an anticipatory basis, and Lessee's failure, within 60 days following written notice of any such event, to provide written alternative assurance or security, which, when coupled with the then existing resources of Lessee, equals or exceeds the combined financial resources of Lessee and the Guarantors that existed at the time of execution of this Lease.

13.2 **Remedies.** If Lessee fails to perform any of its affirmative duties or obligations, within 10 days after written notice (or in case of an emergency, without notice), Lessor may, at its option, perform such duty or obligation on Lessee's behalf, including but not limited to the obtaining of reasonably required bonds, insurance policies, or governmental licenses, permits or approvals. Lessee shall pay to Lessor an amount equal to 115% of the costs and expenses incurred by Lessor in such performance upon receipt of an invoice therefor. In the event of a Breach, Lessor may, with or without further notice or demand, and without limiting Lessor in the exercise of any right or remedy which Lessor may have by reason of such Breach:

(a) Terminate Lessee's right to possession of the Premises by any lawful means, in which case this Lease shall terminate and Lessee shall immediately surrender possession to Lessor. In such event Lessor shall be entitled to recover from Lessee: (i) the unpaid Rent which had been earned at the time of termination; (ii) 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 the amount of such rental loss that the Lessee proves could have been reasonably avoided; (iii) 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 the Lessee proves could be reasonably avoided; and (iv) any other amount necessary to compensate Lessor for all the detriment proximately caused by the Lessee's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom, including but not limited to the cost of recovering possession of the Premises, expenses of reletting, including necessary renovation and alteration of the Premises, reasonable attorneys' fees, and that portion of any leasing commission paid by Lessor in connection with this Lease applicable to the unexpired term of this Lease. The worth at the time of award of the amount referred to in provision (iii) of the immediately preceding sentence shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of the District within which the Premises are located at the time of award plus one percent. Efforts by Lessor to mitigate damages caused by Lessee's Breach of this Lease shall not waive Lessor's right to recover any damages to which Lessor is otherwise entitled. If termination of this Lease is obtained through the provisional remedy of unlawful detainer, Lessor shall have the right to recover in such proceeding any unpaid Rent and damages as are recoverable therein, or Lessor may reserve the right to recover all or any part thereof in a separate suit. If a notice and grace period required under Paragraph 13.1 was not previously given, a notice to pay rent or quit, or to perform or quit given to Lessee under the unlawful detainer statute shall also constitute the notice required by Paragraph 13.1. In such case, the applicable grace period required by Paragraph 13.1 and the unlawful detainer statute shall run concurrently, and the failure of Lessee to cure the Default within the greater of the two such grace periods shall constitute both an unlawful detainer and a Breach of this Lease entitling Lessor to the remedies provided for in this Lease and/or by said statute.

(b) Continue the Lease and Lessee's right to possession and recover the Rent as it becomes due, in which event Lessee may sublet or assign, subject only to reasonable limitations. Acts of maintenance, efforts to relet, and/or the appointment of a receiver to protect the Lessor's interests, shall not constitute a termination of the Lessee's right to possession.

(c) Pursue any other remedy now or hereafter available under the laws or judicial decisions of the state wherein the Premises are located. The expiration or termination of this Lease and/or the termination of Lessee's right to possession shall not relieve Lessee from liability under any indemnity provisions of this Lease as to matters occurring or accruing during the term hereof or by reason of Lessee's occupancy of the Premises.

13.3 **Inducement Recapture.** Any agreement for free or abated rent or other charges, or for the giving or paying by Lessor to or for Lessee of any cash or other bonus, inducement or consideration for Lessee's entering into this Lease, all of which concessions are hereinafter referred to as "Inducement Provisions", shall be deemed conditioned upon Lessee's full and faithful performance of all of the terms, covenants and conditions of this Lease. Upon Breach of this Lease by Lessee, any such Inducement Provision shall automatically be deemed deleted from this Lease and of no further force or effect, and any rent, other charge, bonus, inducement or consideration theretofore abated, given or paid by Lessor under such an Inducement Provision shall be immediately due and payable by Lessee to Lessor, notwithstanding any subsequent cure of said Breach by Lessee. The acceptance by Lessor of rent or the cure of the Breach which initiated the operation of this paragraph shall not be deemed a waiver by Lessor of the provisions of this paragraph unless specifically so stated in writing by Lessor at the time of such acceptance.

13.4 **Late Charges.** Lessee hereby acknowledges that late payment by Lessee of Rent will cause Lessor to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges, and late charges which may be imposed upon Lessor by any Lender. Accordingly, if any Rent shall not be received by Lessor within 5 days after such amount shall be due, then, without any requirement for notice to Lessee, Lessee shall immediately pay to Lessor a one-time

late charge equal to 10% of each such overdue amount or \$100, whichever is greater. The parties hereby agree that such late charge represents a fair and reasonable estimate of the costs Lessor will incur by reason of such late payment. Acceptance of such late charge by Lessor shall in no event constitute a waiver of Lessee's Default or Breach with respect to such overdue amount, nor prevent the exercise of any of the other rights and remedies granted hereunder. In the event that a late charge is payable hereunder, whether or not collected, for 3 consecutive installments of Base Rent, then notwithstanding any provision of this Lease to the contrary, Base Rent shall, at Lessor's option, become due and payable quarterly in advance.

13.5 **Interest.** Any monetary payment due Lessor hereunder, other than late charges, not received by Lessor, when due shall bear interest from the 31st day after it was due. The interest ("Interest") charged shall be computed at the rate of 10% per annum but shall not exceed the maximum rate allowed by law. Interest is payable in addition to the potential late charge provided for in Paragraph 13.4.

13.6 **Breach by Lessor.** (see Addendum)

(a) **Notice of Breach.** Lessor shall not be deemed in breach of this Lease unless Lessor fails within a reasonable time to perform an obligation required to be performed by Lessor. For purposes of this Paragraph, a reasonable time shall in no event be less than 30 days after receipt by Lessor, and any Lender whose name and address shall have been furnished Lessee in writing for such purpose, of written notice specifying wherein such obligation of Lessor has not been performed; provided, however, that if the nature of Lessor's obligation is such that more than 30 days are reasonably required for its performance, then Lessor shall not be in breach if performance is commenced within such 30 day period and thereafter diligently pursued to completion.

(b) **Performance by Lessee on Behalf of Lessor.** In the event that neither Lessor nor Lender cures said breach within 30 days after receipt of said notice, or if having commenced said cure they do not diligently pursue it to completion, then Lessee may elect to cure said breach at Lessee's expense and offset from Rent the actual and reasonable cost to perform such cure, provided however, that such offset shall not exceed an amount equal to the greater of one month's Base Rent or the Security Deposit, reserving Lessee's right to seek reimbursement from Lessor for any such expense in excess of such offset. Lessee shall document the cost of said cure and supply said documentation to Lessor.

14. **Condemnation.** If the Premises or any portion thereof are taken under the power of eminent domain or sold under the threat of the exercise of said power (collectively "Condemnation"), this Lease shall terminate as to the part taken as of the date the condemning authority takes title or possession, whichever first occurs. If more than 10% of the rentable floor area of the Premises, or more than 25% of Lessee's Reserved Parking Spaces, if any, are taken by Condemnation, Lessee may, at Lessee's option, to be exercised in writing within 10 days after Lessor shall have given Lessee written notice of such taking (or in the absence of such notice, within 10 days after the condemning authority shall have taken possession) terminate this Lease as of the date the condemning authority takes such possession. If Lessee does not terminate this Lease in accordance with the foregoing, this Lease shall remain in full force and effect as to the portion of the Premises remaining, except that the Base Rent shall be reduced in proportion to the reduction in utility of the Premises caused by such Condemnation. Condemnation awards and/or payments shall be the property of Lessor, whether such award shall be made as compensation for diminution in value of the leasehold, the value of the part taken, or for severance damages; provided, however, that Lessee shall be entitled to any compensation paid by the condemnor for Lessee's relocation expenses, loss of business goodwill and/or Trade Fixtures, without regard to whether or not this Lease is terminated pursuant to the provisions of this Paragraph. All Alterations and Utility Installations made to the Premises by Lessee, for purposes of Condemnation only, shall be considered the property of the Lessee and Lessee shall be entitled to any and all compensation which is payable therefor. In the event that this Lease is not terminated by reason of the Condemnation, Lessor shall repair any damage to the Premises caused by such Condemnation.

15. **Brokerage Fees.**

15.1 **Additional Commission.** In addition to the payments owed pursuant to Paragraph 1.10 above, and unless Lessor and the Brokers otherwise agree in writing, Lessor agrees that: (a) if Lessee exercises any Option, (b) if Lessee or anyone affiliated with Lessee acquires from Lessor any rights to the Premises or other premises owned by Lessor and located within the Project, (c) if Lessee remains in possession of the Premises, with the consent of Lessor, after the expiration of this Lease, or (d) if Base Rent is increased, whether by agreement or operation of an escalation clause herein, then, Lessor shall pay Brokers a fee in accordance with the fee schedule of the Brokers in effect at the time the Lease was executed.

15.2 **Assumption of Obligations.** Any buyer or transferee of Lessor's interest in this Lease shall be deemed to have assumed Lessor's obligation hereunder. Brokers shall be third-party beneficiaries of the provisions of Paragraphs 1.10, 15.1, 22 and 31. If Lessor fails to pay to Brokers any amounts due as and for brokerage fees pertaining to this Lease when due, then such amounts shall accrue interest. In addition, if Lessor fails to pay any amounts to Lessee's Broker when due, Lessee's Broker may send written notice to Lessor and Lessee of such failure and if Lessor fails to pay such amounts within 10 days after said notice, Lessee shall pay said monies to its Broker and offset such amounts against Rent. In addition, Lessee's Broker shall be deemed to be a third-party beneficiary of any commission agreement entered into by and/or between Lessor and Lessor's Broker for the limited purpose of collecting any brokerage fee owed.

15.3 **Representations and Indemnities of Broker Relationships.** Lessee and Lessor each represent and warrant to the other that it has had no dealings with any person, firm, broker or finder (other than the Brokers, if any) in connection with this Lease, and that no one other than said named Brokers is entitled to any commission or finder's fee in connection herewith. Lessee and Lessor do each hereby agree to indemnify, protect, defend and hold the other harmless from and against liability for compensation or charges which may be claimed by any such unnamed broker, finder or other similar party by reason of any dealings or actions of the indemnifying Party, including any costs, expenses, attorneys' fees reasonably incurred with respect thereto.

16. **Estoppel Certificates.**

(a) Each Party (as "Responding Party") shall within 10 days after written notice from the other Party (the "Requesting Party") execute, acknowledge and deliver to the Requesting Party a statement in writing in form similar to the then most current "Estoppel Certificate" form published by the AIRCommercial Real Estate Association, plus such additional information, confirmation and/or statements as may be reasonably requested by the Requesting Party.

(b) If the Responding Party shall fail to execute or deliver the Estoppel Certificate within such 10 day period, the Requesting Party may execute an Estoppel Certificate stating that: (i) the Lease is in full force and effect without modification except as may be represented by the Requesting Party, (ii) there are no uncured defaults in the Requesting Party's performance, and (iii) if Lessor is the Requesting Party, not more than one month's rent has been paid in advance. Prospective purchasers and encumbrancers may rely upon the Requesting Party's Estoppel Certificate, and the Responding Party shall be estopped from denying the truth of the facts contained in said Certificate. In addition, Lessee acknowledges that any failure on its part to provide such an Estoppel Certificate will expose Lessor to risks and potentially cause Lessor to incur costs not contemplated by this Lease, the extent of which will be extremely difficult to ascertain. Accordingly, should the Lessee fail to execute and/or deliver a requested Estoppel Certificate in a timely fashion the monthly Base Rent shall be automatically increased, without any requirement for notice to Lessee, by an amount equal to 10% of the then existing Base Rent or \$100, whichever is greater for remainder of the Lease. The Parties agree that such increase in Base Rent represents fair and reasonable compensation for the additional risk/costs that Lessor will incur by reason of Lessee's failure to provide the Estoppel Certificate. Such increase in Base Rent shall in no event constitute a waiver of Lessee's Default or Breach with respect to the failure to provide the Estoppel Certificate nor prevent the exercise of any of the other rights and remedies granted hereunder.

(c) If Lessor desires to finance, refinance, or sell the Premises, or any part thereof, Lessee and all Guarantors shall within 10 days after written notice from Lessor deliver to any potential lender or purchaser designated by Lessor such financial statements as may be reasonably required by such lender or purchaser, including but not limited to Lessee's financial statements for the past 3 years. All such financial statements shall be received by Lessor and such lender or purchaser in confidence and shall be used only for the purposes herein set forth.

17. **Definition of Lessor.** The term "Lessor" as used herein shall mean the owner or owners at the time in question of the fee title to the Premises, or, if this is a sublease, of the Lessee's interest in the prior lease. In the event of a transfer of Lessor's title or interest in the Premises or this Lease, Lessor shall deliver to the transferee or assignee (in cash or by credit) any unused Security Deposit held by Lessor. Upon such transfer or assignment and delivery of the Security Deposit, as aforesaid, the prior Lessor shall be relieved of all liability with respect to the obligations and/or covenants under this Lease thereafter to be performed by the Lessor. Subject to the foregoing, the obligations and/or covenants in this Lease to be performed by the Lessor shall be binding only upon the Lessor as hereinabove defined.

18. **Severability.** The invalidity of any provision of this Lease, as determined by a court of competent jurisdiction, shall in no way affect the validity of any other provision hereof.

19. **Days.** Unless otherwise specifically indicated to the contrary, the word "days" as used in this Lease shall mean and refer to calendar days.

20. **Limitation on Liability.** The obligations of Lessor under this Lease shall not constitute personal obligations of Lessor or its partners, members, directors, officers or shareholders, and Lessee shall look to the Project, and to no other assets of Lessor, for the satisfaction of any liability of Lessor with respect to this Lease, and shall not seek recourse against Lessor's partners, members, directors, officers or shareholders, or any of their personal assets for such satisfaction.

21. **Time of Essence.** Time is of the essence with respect to the performance of all obligations to be performed or observed by the Parties under this Lease.

22. **No Prior or Other Agreements; Broker Disclaimer.** This Lease contains all agreements between the Parties with respect to any matter mentioned herein, and no other prior or contemporaneous agreement or understanding shall be effective. Lessor and Lessee each represents and warrants to the Brokers that it has made, and is relying solely upon, its own investigation as to the nature, quality, character and financial responsibility of the other Party to this Lease and as to the use, nature, quality and character of the Premises. Brokers have no responsibility with respect thereto or with respect to any default or breach hereof by either Party.

23. **Notices.**

23.1 Notice Requirements. All notices required or permitted by this Lease or applicable law shall be in writing and may be delivered in person (by hand or by courier) or may be sent by regular, certified or registered mail or U.S. Postal Service Express Mail, with postage prepaid, or by facsimile transmission, and shall be deemed sufficiently given if served in a manner specified in this Paragraph 23. The addresses noted adjacent to a Party's signature on this Lease shall be that Party's address for delivery or mailing of notices. Either Party may by written notice to the other specify a different address for notice, except that upon Lessee's taking possession of the Premises, the Premises shall constitute Lessee's address for notice. A copy of all notices to Lessor shall be concurrently transmitted to such party or parties at such addresses as Lessor may from time to time hereafter designate in writing.

23.2 Date of Notice. Any notice sent by registered or certified mail, return receipt requested, shall be deemed given on the date of delivery shown on the receipt card, or if no delivery date is shown, the postmark thereon. If sent by regular mail the notice shall be deemed given 72 hours after the same is addressed as required herein and mailed with postage prepaid. Notices delivered by United States Express Mail or overnight courier that guarantees next day delivery shall be deemed given 24 hours after delivery of the same to the Postal Service or courier. Notices transmitted by facsimile transmission or similar means shall be deemed delivered upon telephone confirmation of receipt (confirmation report from fax machine is sufficient), provided a copy is also delivered via delivery or mail. If notice is received on a Saturday, Sunday or legal holiday, it shall be deemed received on the next business day.

24. **Waivers.**

(a) No waiver by Lessor of the Default or Breach of any term, covenant or condition hereof by Lessee, shall be deemed a waiver of any other term, covenant or condition hereof, or of any subsequent Default or Breach by Lessee of the same or of any other term, covenant or condition hereof. Lessor's consent to, or approval of, any act shall not be deemed to render unnecessary the obtaining of Lessor's consent to, or approval of, any subsequent or similar act by Lessee, or be construed as the basis of an estoppel to enforce the provision or provisions of this Lease requiring such consent.

(b) The acceptance of Rent by Lessor shall not be a waiver of any Default or Breach by Lessee. Any payment by Lessee may be accepted by Lessor on account of moneys or damages due Lessor, notwithstanding any qualifying statements or conditions made by Lessee in connection therewith, which such statements and/or conditions shall be of no force or effect whatsoever unless specifically agreed to in writing by Lessor at or before the time of deposit of such payment.

(c) THE PARTIES AGREE THAT THE TERMS OF THIS LEASE SHALL GOVERN WITH REGARD TO ALL MATTERS RELATED THERETO AND HEREBY WAIVE THE PROVISIONS OF ANY PRESENT OR FUTURE STATUTE TO THE EXTENT THAT SUCH STATUTE IS INCONSISTENT WITH THIS LEASE.

25. **Disclosures Regarding The Nature of a Real Estate Agency Relationship.**

(a) When entering into a discussion with a real estate agent regarding a real estate transaction, a Lessor or Lessee should from the outset understand what type of agency relationship or representation it has with the agent or agents in the transaction. Lessor and Lessee acknowledge being advised by the Brokers in this transaction, as follows:

(i) **Lessor's Agent.** A Lessor's agent under a listing agreement with the Lessor acts as the agent for the Lessor only. A Lessor's agent or subagent has the following affirmative obligations: **To the Lessor:** A fiduciary duty of utmost care, integrity, honesty, and loyalty in dealings with the Lessor. **To the Lessee and the Lessor:** a. Diligent exercise of reasonable skills and care in performance of the agent's duties. b. A duty of honest and fair dealing and good faith. c. A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the Parties. An agent is not obligated to reveal to either Party any confidential information obtained from the other Party which does not involve the affirmative duties set forth above.

(ii) **Lessee's Agent.** An agent can agree to act as agent for the Lessee only. In these situations, the agent is not the Lessor's agent, even if by agreement the agent may receive compensation for services rendered, either in full or in part from the Lessor. An agent acting only for a Lessee has the following affirmative obligations. **To the Lessee:** A fiduciary duty of utmost care, integrity, honesty, and loyalty in dealings with the Lessee. **To the Lessee and the Lessor:** a. Diligent exercise of reasonable skills and care in performance of the agent's duties. b. A duty of honest and fair dealing and good faith. c. A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the Parties. An agent is not obligated to reveal to either Party any confidential information obtained from the other Party which does not involve the affirmative duties set forth above.

(iii) **Agent Representing Both Lessor and Lessee.** A real estate agent, either acting directly or through one or more associate licensees, can legally be the agent of both the Lessor and the Lessee in a transaction, but only with the knowledge and consent of both the Lessor and the Lessee. In a dual agency situation, the agent has the following affirmative obligations to both the Lessor and the Lessee: a. A fiduciary duty of utmost care, integrity, honesty and loyalty in the dealings with either Lessor or the Lessee. b. Other duties to the Lessor and the Lessee as stated above in subparagraphs (i) or (ii). In representing both Lessor and Lessee, the agent may not without the express permission of the respective Party, disclose to the other Party that the Lessor will accept rent in an amount less than that indicated in the listing or that the Lessee is willing to pay a higher rent than that offered. The above duties of the agent in a real estate transaction do not relieve a Lessor or Lessee from the responsibility to protect their own interests. Lessor and Lessee should carefully read all agreements to assure that they adequately express their understanding of the transaction. A real estate agent is a person qualified to advise about real estate. If legal or tax advice is desired, consult a competent professional.

(b) Brokers have no responsibility with respect to any default or breach hereof by either Party. The Parties agree that no lawsuit or other legal proceeding involving any breach of duty, error or omission relating to this Lease may be brought against Broker more than one year after the Start Date and that the liability (including court costs and attorneys' fees), of any Broker with respect to any such lawsuit and/or legal proceeding shall not exceed the fee received by such Broker pursuant to this Lease; provided, however, that the foregoing limitation on each Broker's liability shall not be applicable to any gross negligence or willful misconduct of such Broker.

(c) Lessor and Lessee agree to identify to Brokers as "Confidential" any communication or information given Brokers that is considered by such Party to be confidential.

26. **No Right To Holdover.** Lessee has no right to retain possession of the Premises or any part thereof beyond the expiration or termination of this Lease. In the event that Lessee holds over, then the Base Rent shall be increased to 150% of the Base Rent applicable immediately preceding the expiration or termination. Nothing contained herein shall be construed as consent by Lessor to any holding over by Lessee.

27. **Cumulative Remedies.** No remedy or election hereunder shall be deemed exclusive but shall, wherever possible, be cumulative with all other remedies at law or in equity.

28. **Covenants and Conditions; Construction of Agreement.** All provisions of this Lease to be observed or performed by Lessee are both covenants and conditions. In construing this Lease, all headings and titles are for the convenience of the Parties only and shall not be considered a part of this Lease. Whenever required by the context, the singular shall include the plural and vice versa. This Lease shall not be construed as if prepared by one of the Parties, but rather according to its fair meaning as a whole, as if both Parties had prepared it.

29. **Binding Effect; Choice of Law.** This Lease shall be binding upon the Parties, their personal representatives, successors and assigns and be governed by the laws of the State in which the Premises are located. Any litigation between the Parties hereto concerning this Lease shall be initiated in the county in which the Premises are located.

30. **Subordination; Attornment; Non-Disturbance.**

30.1 **Subordination.** This Lease and any Option granted hereby shall be subject and subordinate to any ground lease, mortgage, deed of trust, or other hypothecation or security device (collectively, "Security Device"), now or hereafter placed upon the Premises, to any and all advances made on the security thereof, and to all renewals, modifications, and extensions thereof. Lessee agrees that the holders of any such Security Devices (in this Lease together referred to as "Lender") shall have no liability or obligation to perform any of the obligations of Lessor under this Lease. Any Lender may elect to have this Lease and/or any Option granted hereby superior to the lien of its Security Device by giving written notice thereof to Lessee, whereupon this Lease and such Options shall be deemed prior to such Security Device, notwithstanding the relative dates of the documentation or recordation thereof.

30.2 **Attornment.** In the event that Lessor transfers title to the Premises, or the Premises are acquired by another upon the foreclosure or termination of a Security Device to which this Lease is subordinated (i) Lessee shall, subject to the non-disturbance provisions of Paragraph 30.3, attorn to such new owner, and upon request, enter into a new lease, containing all of the terms and provisions of this Lease, with such new owner for the remainder of the term hereof, or, at the election of the new owner, this Lease will automatically become a new lease between Lessee and such new owner, and (ii) Lessor shall thereafter be relieved of any further obligations hereunder and such new owner shall assume all of Lessor's obligations, except that such new owner shall not: (a) be liable for any act or omission of any prior lessor or with respect to events occurring prior to acquisition of ownership; (b) be subject to any offsets or defenses which Lessee might have against any prior lessor, (c) be bound by prepayment of more than one month's rent, or (d) be liable for the return of any security deposit paid to any prior lessor which was not paid or credited to such new owner.

30.3 **Non-Disturbance.** With respect to Security Devices entered into by Lessor after the execution of this Lease, Lessee's subordination of this Lease shall be subject to receiving a commercially reasonable non-disturbance agreement (a "Non-Disturbance Agreement") from the Lender which Non-Disturbance Agreement provides that Lessee's possession of the Premises, and this Lease, including any options to extend the term hereof, will not be disturbed so long as Lessee is not in Breach hereof and attorns to the record owner of the Premises. Further, within 60 days after the execution of this Lease, Lessor shall, if requested by Lessee, use its commercially reasonable efforts to obtain a Non-Disturbance

Agreement from the holder of any pre-existing Security Device which is secured by the Premises. In the event that Lessor is unable to provide the Non-Disturbance Agreement within said 60 days, then Lessee may, at Lessee's option, directly contact Lender and attempt to negotiate for the execution and delivery of a Non-Disturbance Agreement.

30.4 **Self-Executing.** The agreements contained in this Paragraph 30 shall be effective without the execution of any further documents; provided, however, that, upon written request from Lessor or a Lender in connection with a sale, financing or refinancing of the Premises, Lessee and Lessor shall execute such further writings as may be reasonably required to separately document any subordination, attornment and/or Non-Disturbance Agreement provided for herein.

31. **Attorneys' Fees.** If any Party or Broker brings an action or proceeding involving the Premises whether founded in tort, contract or equity, or to declare rights hereunder, the Prevailing Party (as hereafter defined) in any such proceeding, action, or appeal thereon, shall be entitled to reasonable attorneys' fees. Such fees may be awarded in the same suit or recovered in a separate suit, whether or not such action or proceeding is pursued to decision or judgment. The term, "Prevailing Party" shall include, without limitation, a Party or Broker who substantially obtains or defeats the relief sought, as the case may be, whether by compromise, settlement, judgment, or the abandonment by the other Party or Broker of its claim or defense. The attorneys' fees award shall not be computed in accordance with any court fee schedule, but shall be such as to fully reimburse all attorneys' fees reasonably incurred. In addition, Lessor shall be entitled to attorneys' fees, costs and expenses incurred in the preparation and service of notices of Default and consultations in connection therewith, whether or not a legal action is subsequently commenced in connection with such Default or resulting Breach (\$200 is a reasonable minimum per occurrence for such services and consultation).

32. **Lessor's Access; Showing Premises; Repairs.** Lessor and Lessor's agents shall have the right to enter the Premises at any time, in the case of an emergency, and otherwise at reasonable times after reasonable prior notice for the purpose of showing the same to prospective purchasers, lenders, or tenants, and making such alterations, repairs, improvements or additions to the Premises as Lessor may deem necessary or desirable and the erecting, using and maintaining of utilities, services, pipes and conduits through the Premises and/or other premises as long as there is no material adverse effect on Lessee's use of the Premises. All such activities shall be without abatement of rent or liability to Lessee.

33. **Auctions.** Lessee shall not conduct, nor permit to be conducted, any auction upon the Premises without Lessor's prior written consent. Lessor shall not be obligated to exercise any standard of reasonableness in determining whether to permit an auction.

34. **Signs.** Lessor may place on the Premises ordinary "For Sale" signs at any time and ordinary "For Lease" signs during the last 6 months of the term hereof, Lessor may not place any sign on the exterior of the Building that covers any of the windows of the Premises. Except for ordinary "For Sublease" signs which may be placed only on the Premises, Lessee shall not place any sign upon the Project without Lessor's prior written consent. All signs must comply with all Applicable Requirements.

35. **Termination; Merger.** Unless specifically stated otherwise in writing by Lessor, the voluntary or other surrender of this Lease by Lessee, the mutual termination or cancellation hereof, or a termination hereof by Lessor for Breach by Lessee, shall automatically terminate any sublease or lesser estate in the Premises; provided, however, that Lessor may elect to continue any one or all existing subtenancies. Lessor's failure within 10 days following any such event to elect to the contrary by written notice to the holder of any such lesser interest, shall constitute Lessor's election to have such event constitute the termination of such interest.

36. **Consents.** Except as otherwise provided herein, wherever in this Lease the consent of a Party is required to an act by or for the other Party, such consent shall not be unreasonably withheld or delayed. Lessor's actual reasonable costs and expenses (including but not limited to architects', attorneys', engineers' and other consultants' fees) incurred in the consideration of, or response to, a request by Lessee for any Lessor consent, including but not limited to consents to an assignment, a subletting or the presence or use of a Hazardous Substance, shall be paid by Lessee upon receipt of an invoice and supporting documentation therefor. Lessor's consent to any act, assignment or subletting shall not constitute an acknowledgment that no Default or Breach by Lessee of this Lease exists, nor shall such consent be deemed a waiver of any then existing Default or Breach, except as may be otherwise specifically stated in writing by Lessor at the time of such consent. The failure to specify herein any particular condition to Lessor's consent shall not preclude the imposition by Lessor at the time of consent of such further or other conditions as are then reasonable with reference to the particular matter for which consent is being given. In the event that either Party disagrees with any determination made by the other hereunder and reasonably requests the reasons for such determination, the determining party shall furnish its reasons in writing and in reasonable detail within 10 business days following such request.

37. **Guarantor.**

37.1 **Execution.** The Guarantors, if any, shall each execute a guaranty in the form most recently published by the AIR Commercial Real Estate Association.

37.2 **Default.** It shall constitute a Default of the Lessee if any Guarantor fails or refuses, upon request to provide: (a) evidence of the execution of the guaranty, including the authority of the party signing on Guarantor's behalf to obligate Guarantor, and in the case of a corporate Guarantor, a certified copy of a resolution of its board of directors authorizing the making of such guaranty, (b) current financial statements, (c) an Estoppel Certificate, or (d) written confirmation that the guaranty is still in effect.

38. **Quiet Possession.** Subject to payment by Lessee of the Rent and performance of all of the covenants, conditions and provisions on Lessee's part to be observed and performed under this Lease, Lessee shall have quiet possession and quiet enjoyment of the Premises during the term hereof.

39. **Options.** If Lessee is granted any Option, as defined below, then the following provisions shall apply. (*see Addendum Paragraph 5*)

39.1 **Definition.** "Option" shall mean: (a) the right to extend or reduce the term of or renew this Lease or to extend or reduce the term of or renew any lease that Lessee has on other property of Lessor; (b) the right of first refusal or first offer to lease either the Premises or other property of Lessor; (c) the right to purchase, the right of first offer to purchase or the right of first refusal to purchase the Premises or other property of Lessor.

39.2 **Options Personal To Original Lessee.** Any Option granted to Lessee in this Lease is personal to the original Lessee, and cannot be assigned or exercised by anyone other than said original Lessee and only while the original Lessee is in full possession of the Premises and, if requested by Lessor, with Lessee certifying that Lessee has no intention of thereafter assigning or subletting.

39.3 **Multiple Options.** In the event that Lessee has any multiple Options to extend or renew this Lease, a later Option cannot be exercised unless the prior Options have been validly exercised.

39.4 **Effect of Default on Options.**

(a) Lessee shall have no right to exercise an Option: (i) during the period commencing with the giving of any notice of Default and continuing until said Default is cured, (ii) during the period of time any Rent is unpaid (without regard to whether notice thereof is given Lessee), (iii) during the time Lessee is in Breach of this Lease, or (iv) in the event that Lessee has been given 3 or more notices of separate Default, whether or not the Defaults are cured, during the 12 month period immediately preceding the exercise of the Option.

(b) The period of time within which an Option may be exercised shall not be extended or enlarged by reason of Lessee's inability to exercise an Option because of the provisions of Paragraph 39.4(a).

(c) An Option shall terminate and be of no further force or effect, notwithstanding Lessee's due and timely exercise of the Option, if, after such exercise and prior to the commencement of the extended term or completion of the purchase, (i) Lessee fails to pay Rent for a period of 30 days after such Rent becomes due (without any necessity of Lessor to give notice thereof), or (ii) if Lessee commits a Breach of this Lease.

40. **Security Measures.** Lessee hereby acknowledges that the Rent payable to Lessor hereunder does not include the cost of guard service or other security measures, and that Lessor shall have no obligation whatsoever to provide same. Lessee assumes all responsibility for the protection of the Premises, Lessee, its agents and invitees and their property from the acts of third parties. In the event, however, that Lessor should elect to provide security services, then the cost thereof shall be an Operating Expense.

41. **Reservations.**

(a) Lessor reserves the right: (i) to grant, without the consent or joinder of Lessee, such easements, rights and dedications that Lessor deems necessary, (ii) to cause the recordation of parcel maps and restrictions, (iii) to create and/or install new utility raceways, so long as such easements, rights, dedications, maps, restrictions, and utility raceways do not unreasonably interfere with the use of the Premises by Lessee. Lessor may also: change the name, address or title of the Building or Project upon at least 90 days prior written notice; provide and install, at Lessee's expense, Building standard graphics on the door of the Premises and such portions of the Common Areas as Lessor shall reasonably deem appropriate; grant to any lessee the exclusive right to conduct any business as long as such exclusive right does not conflict with any rights expressly given herein; and to place such signs, notices or displays as Lessor reasonably deems necessary or advisable upon the roof, exterior of the Building or the Project or on signs in the Common Areas. Lessee agrees to sign any documents reasonably requested by Lessor to effectuate such rights. The obstruction of Lessee's view, air, or light by any structure erected in the vicinity of the Building, whether by Lessor or third parties, shall in no way affect this Lease or impose any liability upon Lessor.

(b) Lessor also reserves the right to move Lessee to other space of comparable size in the Building or Project. Lessor must provide at least 45 days prior written notice of such move, and the new space must contain improvements of comparable quality to those contained within the Premises. Lessor shall pay the reasonable out of pocket costs that Lessee incurs with regard to such relocation, including the expenses of moving and necessary stationary revision costs. In no event, however, shall Lessor be required to pay an amount in excess of two months Base Rent. Lessee may not be relocated more than once during the term of this Lease.

(c) Lessee shall not: (i) use a representation (photographic or otherwise) of the Building or Project or their name(s) in connection with Lessee's business; or (ii) suffer or permit anyone, except in emergency, to go upon the roof of the Building.

42. **Performance Under Protest.** If at any time a dispute shall arise as to any amount or sum of money to be paid by one Party to the other under the provisions hereof, the Party against whom the obligation to pay the money is asserted shall have the right to make payment "under protest" and such payment shall not be regarded as a voluntary payment and there shall survive the right on the part of said Party to institute suit for recovery of such sum. If it shall be adjudged that there was no legal obligation on the part of said Party to pay such sum or any part thereof, said Party shall be entitled to recover such sum or so much thereof as it was not legally required to pay. A Party who does not initiate suit for the recovery of sums paid "under protest" within 6 months shall be deemed to have waived its right to protest such payment.

43. **Authority; Multiple Parties; Execution**

(a) If either Party hereto is a corporation, trust, limited liability company, partnership, or similar entity, each individual executing this Lease on behalf of such entity represents and warrants that he or she is duly authorized to execute and deliver this Lease on its behalf. Each Party shall, within 30 days after request, deliver to the other Party satisfactory evidence of such authority.

(b) If this Lease is executed by more than one person or entity as "Lessee", each such person or entity shall be jointly and severally liable hereunder. It is agreed that any one of the named Lessees shall be empowered to execute any amendment to this Lease, or other document ancillary thereto and bind all of the named Lessees, and Lessor may rely on the same as if all of the named Lessees had executed such document.

(c) This Lease may be executed by the Parties in counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

44. **Conflict.** Any conflict between the printed provisions of this Lease and the typewritten or handwritten provisions shall be controlled by the typewritten or handwritten provisions.

45. **Offer.** Preparation of this Lease by either party or their agent and submission of same to the other Party shall not be deemed an offer to lease to the other Party. This Lease is not intended to be binding until executed and delivered by all Parties hereto.

46. **Amendments.** This Lease may be modified only in writing, signed by the Parties in interest at the time of the modification. As long as they do not materially change Lessee's obligations hereunder, Lessee agrees to make such reasonable nonmonetary modifications to this Lease as may be reasonably required by a Lender in connection with the obtaining of normal financing or refinancing of the Premises.

47. **Waiver of Jury Trial.** THE PARTIES HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING INVOLVING THE PROPERTY OR ARISING OUT OF THIS AGREEMENT.

48. **Arbitration of Disputes.** An Addendum requiring the Arbitration of all disputes between the Parties and/or Brokers arising out of this Lease

☐ is ☒ is not attached to this Lease.

49. **Accessibility; Americans with Disabilities Act.**

(a) The Premises: ☐ have not undergone an inspection by a Certified Access Specialist (CASp). ☐ have undergone an inspection by a Certified Access Specialist (CASp) and it was determined that the Premises met all applicable construction-related accessibility standards pursuant to California Civil Code §55.51 et seq. ☒ have undergone an inspection by a Certified Access Specialist (CASp) and it was determined that the Premises did not meet all applicable construction-related accessibility standards pursuant to California Civil Code §55.51 et seq.

(b) Since compliance with the Americans with Disabilities Act (ADA) is dependent upon Lessee's specific use of the Premises, Lessor makes no warranty or representation as to whether or not the Premises comply with ADA or any similar legislation. In the event that Lessee's use of the Premises requires modifications or additions to the Premises in order to be in ADA compliance, Lessee agrees to make any such necessary modifications and/or additions at Lessee's expense.

LESSOR AND LESSEE HAVE CAREFULLY READ AND REVIEWED THIS LEASE AND EACH TERM AND PROVISION CONTAINED HEREIN, AND BY THE EXECUTION OF THIS LEASE SHOW THEIR INFORMED AND VOLUNTARY CONSENT THERETO. THE PARTIES HEREBY AGREE THAT, AT THE TIME THIS LEASE IS EXECUTED, THE TERMS OF THIS LEASE ARE COMMERCIALY REASONABLE AND EFFECTUATE THE INTENT AND PURPOSE OF LESSOR AND LESSEE WITH RESPECT TO THE PREMISES.

50. Meeting Room - Lessor shall permit Lessee to access and utilize the Council Chambers Meeting Room located in the Building free of charge, upon advance reservation, for up to four (4) hours per month during the Term of this Lease, subject to room availability and at the Lessor's sole discretion.

ATTENTION: NO REPRESENTATION OR RECOMMENDATION IS MADE BY THE AIR COMMERCIAL REAL ESTATE ASSOCIATION OR BY ANY BROKER AS TO THE LEGAL SUFFICIENCY, LEGAL EFFECT, OR TAX CONSEQUENCES OF THIS LEASE OR THE TRANSACTION TO WHICH IT RELATES. THE PARTIES ARE URGED TO:

1. SEEK ADVICE OF COUNSEL AS TO THE LEGAL AND TAX CONSEQUENCES OF THIS LEASE.

2. RETAIN APPROPRIATE CONSULTANTS TO REVIEW AND INVESTIGATE THE CONDITION OF THE PREMISES. SAID INVESTIGATION SHOULD INCLUDE BUT NOT BE LIMITED TO: THE POSSIBLE PRESENCE OF HAZARDOUS SUBSTANCES, THE ZONING AND SIZE OF THE PREMISES, THE STRUCTURAL INTEGRITY, THE CONDITION OF THE ROOF AND OPERATING SYSTEMS, COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT AND THE SUITABILITY OF THE PREMISES FOR LESSEE'S INTENDED USE.

WARNING: IF THE PREMISES ARE LOCATED IN A STATE OTHER THAN CALIFORNIA, CERTAIN PROVISIONS OF THE LEASE MAY NEED TO BE REVISED TO COMPLY WITH THE LAWS OF THE STATE IN WHICH THE PREMISES ARE LOCATED.

The parties hereto have executed this Lease at the place and on the dates specified above their respective signatures.

Executed at: 24031 El Toro Road, Suite 100

Executed at: _____

On: _____

On: _____

By LESSOR:

By LESSEE:

The City of Laguna Hills

Broadview Mortgage Corporation,
a California corporation

By: _____

By: _____

Name Printed: Dave Leichtfuss

Name Printed: _____

Title: President

Name Printed: Bruce E. Channing

Title: City Manager

By: _____

Name Printed: Rene Ballesteros

Name Printed: _____

Title: Assistant Treasurer

Name Printed: Melissa Au-Young

Address: 2200 W. Orangewood Ave. #215

Title: Assistant to the City Manager/City Clerk

Orange, CA 92868

Address: 24031 El Toro Road, Suite 100

Laguna Hills, CA 92654

Telephone: (714) 923-5304

Telephone: () _____

Facsimile: () _____

Facsimile: () _____

Email: _____

Email: _____

Federal ID No. _____

INITIALS

INITIALS

Email: _____
Federal ID No. _____

LESSOR'S BROKER:

Essex Realty Management, Inc.

LESSEE'S BROKER:

Attn: Sandi Montez

Address: 111 Corporate Drive, Suite 110

Ladera Ranch, CA 92694

Telephone: (949) 218-3801

Facsimile: ()

Email: _____

Broker/Agent DRE License #: 00965485

Attn: _____

Address: _____

Telephone: ()

Facsimile: ()

Email: _____

Broker/Agent DRE License #: _____

NOTICE: These forms are often modified to meet changing requirements of law and industry needs. Always write or call to make sure you are utilizing the most current form: AIR Commercial Real Estate Association, 500 N Brand Blvd, Suite 900, Glendale, CA 91203. Telephone No. (213) 687-8777. Fax No.: (213) 687-8616.

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ADDENDUM TO LEASE

THIS ADDENDUM TO LEASE (this “Addendum”) shall constitute part of that certain STANDARD MULTI-TENANT OFFICE LEASE – GROSS (“Lease”), dated as of November 24, 2015, between The City of Laguna Hills (“Lessor”), and Broadview Mortgage Corporation, a California corporation (“Lessee”). The terms of this Addendum shall be incorporated into the Lease for all purposes. In the event of any conflict between the terms of the Lease and the terms of this Addendum, the terms of this Addendum shall control.

1. Base Rent Schedule. Section 4.4 is hereby added to the Lease to read as follows:

4.4 Base Rent Schedule

4.4.1 The monthly Base Rent payable as defined in paragraph 4.1 and as set forth in paragraph 1.5 and 1.7 (a) of the Lease shall be adjusted as set forth below:

Months 1-12 \$2,822.85

Months 12-24 \$2,891.70

2. Use. Section 6.1 of the Lease is hereby deleted in its entirety and replaced by the following:

“6.1. Use. The Premises shall be used only for the Agreed Use and for no other use. Lessee’s use of the Premises shall be in compliance with and subject to all Applicable Requirements relating to or affecting the Project, the Premises or the Building or the use or operation thereof, whether now existing or hereafter enacted, including, without limitation, the Americans with Disabilities Act of 1990, 42 USC 12111 et seq. (the “ADA”) as the same may be amended from time to time, any and all federal, state or local environmental, health and/or safety-related laws, regulations, standards, decisions of courts, ordinances, rules, codes, orders, decrees, directives, guidelines, permits or permit conditions, currently existing and as amended, enacted, issued or adopted in the future which are or become applicable to Lessee, the Premises, the Building, or the Project (“Environmental Laws”), any transportation or traffic management plan in satisfaction of any requirement imposed on the Project by a governmental agency with jurisdiction over the Project, and any CC&Rs or any supplement thereto recorded in any official or public records with respect to the Project or any portion thereof (collectively, “Applicable Laws”). Lessee shall be responsible for obtaining any permit, business license, or other permits or licenses required by any governmental agency permitting Lessee’s use or occupancy of the Premises. Lessee shall not commit waste, overload the floors or structure of the Building, subject the Premises, the Building, the Common Area or the Project to any use which would damage the same or increase the risk of loss or violate any insurance coverage, permit any unreasonable odors, smoke, dust, gas, substances, noise or vibrations to emanate from the Premises, take any action which would constitute a nuisance or would disturb, obstruct or endanger any other tenants, take any action which would abrogate any warranties, or use or allow the Premises to be used for any unlawful purpose. Lessor shall not be responsible for non-compliance by any other tenant or occupant of the Project with, or Lessor’s failure to enforce, any of the rules or regulations or CC&Rs or any other terms or provisions of such tenant’s or occupant’s lease. Lessee shall promptly comply with the reasonable requirements of any board of fire insurance underwriters or other similar body now or hereafter constituted. Lessee shall not do any act which shall in any way encumber the title of Lessor in and to the Premises, the Building or the Project.

3. Insurance; Indemnity. Sections 8.1 through 8.6 of the Lease are hereby deleted in their entirety and replaced by the following:

“8.1 Lessor’s Insurance. Lessor shall maintain insurance through individual or blanket policies insuring the Building against fire and extended coverage (including, if Lessor elects, “all risk” coverage, earthquake/volcanic action, flood and/or surface water insurance) for the full replacement cost of the Building, with deductibles and the form and endorsements of such coverage as selected by Lessor, together with rental abatement insurance against loss of Rent in an amount equal to the amount of Rent for a period of at least twelve (12) months commencing on the date of loss. Lessor may also carry such other insurance as Lessor may deem prudent or advisable, including, without limitation, liability insurance in such amounts and on such terms as Lessor shall determine. Lessee shall pay to Lessor, as a portion of the Operating Expenses, the costs of the insurance coverages described herein, including, without limitation, Lessor’s cost of any self-insurance deductible or retention.

8.2 Lessee’s Insurance. Lessee shall, at Lessee’s expense, obtain and keep in force at all times the following insurance:

(a) Commercial General Liability Insurance (Occurrence Form). A policy of commercial general liability insurance (occurrence form) having a combined single limit of not less than One Million Dollars (\$1,000,000) per occurrence and Two Million Dollars (\$2,000,000) aggregate per location if Lessee has multiple locations, providing coverage for, among other things, blanket contractual liability, premises, products/completed operations with an “Additional Insured Managers or Lessors of Premises Endorsement” and personal and advertising injury coverage, with deletion of the exclusion for explosion, collapse or underground hazard, if applicable, and, if necessary, Lessee shall provide for restoration of the aggregate limit, and provided that the policy shall not contain any intra insured exclusions as between insured persons or organizations, but shall include coverage for liability assumed under the Lease as an “insured contract” for the performance of Lessee’s indemnity obligations under the Lease;

(b) Automobile Liability Insurance. Comprehensive automobile liability insurance having a combined single limit of not less than One Million Dollars (\$1,000,000) per occurrence and insuring Lessee against liability for claims arising out of ownership, maintenance, or use of any owned, hired or non-owned automobiles;

(c) Workers’ Compensation and Employer’s Liability Insurance. Workers’ compensation insurance having limits not less than those required by state statute and federal statute, if applicable, and covering all persons employed by Lessee in the conduct of its operations on the Premises (including the all states endorsement and, if applicable, the volunteers endorsement), together with employer’s liability insurance coverage in the amount of at least Five Hundred Thousand (\$500,000);

(d) Property Insurance. “Special Form” property insurance including boiler and machinery comprehensive form, if applicable, covering damage to or loss of any of Lessee’s personal property, fixtures, equipment and alterations, including electronic data processing equipment (collectively “Lessee’s Property”) (and coverage for the full replacement cost thereof including business interruption of the Lessee), together with, if the property of Lessee’s invitees is to be kept in the Premises, warehouseman’s legal liability or bailee customers insurance for the full replacement cost of the property belonging to invitees and located on the Premises.

(e) Business Interruption. Loss of income and extra expense insurance in amounts as will reimburse Lessee for direct or indirect loss of earnings attributable to all peril commonly

insured against by prudent lessees in the business of Lessee or attributable to prevention of access to the Premises as a result of such perils.

8.3 General.

(a) Insurance Companies. Insurance required to be maintained by Lessee shall be written by companies licensed to do business in the state in which the Premises are located and having a "General Policyholders Rating" of at least "A-" (or such higher rating as may be required by a lender having a lien on the Premises) and a financial rating of no less than VII as set forth in the most current issue of "Best's Insurance Guide."

(b) Certificates of Insurance. Lessee shall deliver to Lessor certificates of insurance and endorsements for all insurance required to be maintained by Lessee in the form acceptable to Lessor no later than seven (7) days prior to the date of possession of the Premises. Lessee shall, at least ten (10) days prior to expiration of the policy, furnish Lessor with certificates of renewal or "binders" thereof. If Lessee fails to maintain any insurance required in the Lease, Lessee shall be liable for all losses and costs suffered or incurred by Lessor (including litigation costs and attorneys' fees and expenses) resulting from said failure.

(c) Additional Insureds. Lessor, Lessor's lender, and any property management company of Lessor for the Premises shall be named as additional insureds (utilizing ISO Form CG2010 (11/85) or its equivalent) under all of the policies required by section 8.2(a). The policies required under Section 8.2(a) shall provide for severability of interest.

(d) Primary Coverage. All insurance to be maintained by Lessee shall, except for workers' compensation and employer's liability insurance, be primary, without right of contribution from insurance of Lessor. Any umbrella liability policy or excess liability policy (which shall be in "following form") shall provide that if the underlying aggregate is exhausted, the excess coverage will drop down as primary insurance. The limits of insurance maintained by Lessee shall not limit Lessee's liability under the Lease.

(e) Waiver of Subrogation. Notwithstanding any other provisions of the Lease, Lessee and Lessor each waive all rights to recover damages against the other, for loss or damage caused by fire and other perils and any other risk to the extent covered by policies of insurance or required to be covered by policies of insurance which are required to be carried in accordance with this Lease. This provision is intended to waive fully, any rights and/or claims which might give rise to a right of subrogation in favor of any insurance carrier. The coverages obtained by each of Lessee and Lessor pursuant to the Lease shall include, without limitation, a waiver of subrogation endorsement attached to the certificate of insurance.

(f) Notification of Incidents. Lessee shall notify Lessor within twenty-four (24) hours after the occurrence of any accidents or incidents in the Premises, the Building, Common Areas or the Project which could give rise to a claim under any of the insurance policies required under this Section 8.

4. Breach by Lessor; Performance by Lessee on Behalf of Lessor. Section 13.6(b) of the Lease is hereby deleted in its entirety and replaced with the following:

"13.6(b). Lessee's Remedies. Lessee and all successors and assigns covenant and agree that, in the event of any actual or alleged default by Lessor, Lessee's sole and exclusive remedy shall be either to seek either specific performance or monetary damages, provided that Lessor shall not be liable

for loss of business profits or consequential damages, and provided further, that any recourse for monetary damages by Lessee against Lessor shall be limited solely and exclusively to an amount which is equal to the amounts paid by Lessee to Lessor under the Lease (and Lessee hereby expressly waives and releases personal liability of Lessor in excess of such amount on behalf of itself and all persons claiming by through, or under the lease) Further, in no event shall the obligations of Lessor under the Lease constitute the personal obligations of Lessor or its partners, members, directors, officers, elected officials or shareholders, and Lessee shall have no right to seek recourse against Lessor's partners, members, directors, officers, elected officials or shareholders, or any of their personal assets for the satisfaction of any liability of Lessor with respect to the Lease. Lessee expressly waives all remedies except those specifically set forth in the Lease, including, without limitation, any right of offset or abatement except as specifically set forth in the Lease, any right to terminate the Lease under Civil Code Sections 1932(2), 1933(4) and 1941 or any other successor statute, or any statutory, legal or equitable self-help remedy including, without limitation, Civil Code Section 1942 or any other current or future law. Nothing contained in the Lease shall entitle Lessee to terminate the Lease as a result of Lessor's default nor excuse Lessee from paying Rent or Additional Rent due hereunder."

5. Option To Extend Lease.

39.5 Option to Extend Original Term

Terms of Option. Provided that (i) Lessee is not in default under the terms of this Lease at the time this extension Option is exercised or at the commencement of the Extension Term (as hereinafter defined), (ii) Lessee is occupying the entire Premises, and (iii) Lessor has not given more than two (2) notices of default in any twelve (12) month period for nonpayment of monetary obligations, Lessee shall have the Option to extend the original Term for one (1) additional period of one (1) year (the "Extension Term"). Lessor shall lease the Premises to Lessee during the Extension Term on all the terms and conditions of this Lease, except that Lessor shall have no additional obligation for free rent, tenant improvements, brokerage commissions, or for any other Lessee inducements for the Extension Term. During the Extension Term, the Base Rent shall be \$2.15 per rentable square foot. There shall be no additional extension terms beyond the Extension Term set forth herein. Lessee must exercise its Option to extend this Lease by giving Lessor written notice of its election to do so no later than three (3) months, nor earlier than fourteen (14) months, prior to the end of the original Term. Any notice not given in a timely manner shall be void, and Lessee shall be deemed to have waived its extension rights pursuant to this Option. The extension Option set forth herein is personal to the original Lessor and the original Lessee under this Lease and it shall not be binding upon any successors to Lessor's interest in this Lease nor shall it be included in any assignment of Lessee's interest in this Lease

6. Estoppel Certificates. All references in the Lease to "Estoppel Certificate", including, but not limited to the definition in Section 16(a), shall refer to Lessor's standard form certificate.

7. Recordation. Lessee shall not have any right to cause the Lease or any short form or memorandum thereof to be recorded.

IN WITNESS WHEREOF, the parties have executed this Addendum as of the date of the Lease.

“Lessor”

THE CITY OF LAGUNA HILLS

By: Bruce E. Channing

By: _____
Its: City Manager

By: Melissa Au-Young

By: _____
Its: Assistant to the City Manager/City Clerk

APPROVED AS TO FORM:

By: _____
City Attorney

“Lessee”

Broadview Mortgage Corporation, a California
corporation

By: Dave Leichtfuss

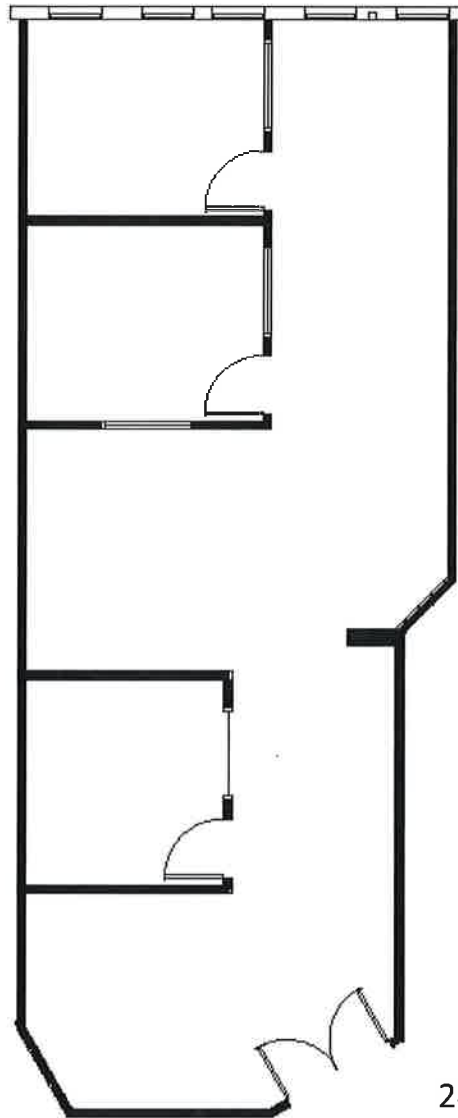
Its: President

By: Rene Ballesteros

Its: Assistant Treasurer

LAGUNA HILLS CIVIC CENTER

SUITE 203
1377 RSF



24031-203 El Toro Road
Laguna Hills, CA 92653

For Leasing Information:

Sandi Montez

smontez@essexrealty.com

(949) 218-3801

Managed by:

ESSEX | REALTY
MANAGEMENT, INC.

EXHIBIT B

RULES AND REGULATIONS

ATTACHED TO AND MADE A PART OF STANDARD OFFICE LEASE

The following Rules and Regulations shall be in effect at the Office Building Project. Lessor reserves the right to adopt reasonable modifications and additions hereto. In the case of any conflict between these Rules and Regulations and the Lease, the Lease shall be controlling.

1. Except with the prior written consent of Lessor, no Lessee shall conduct any retail sales or any manufacturing of any kind in or from the Premises, or any business other than that specifically provided for in the Lease.

2. Lessor reserves the right to prohibit personal goods and services vendors from access to the Office Building Project except upon such reasonable terms and conditions, including but not limited to the payment of a reasonable fee and provision for insurance coverage, as are related to the safety, care and cleanliness of the Office Building Project, the preservation of good order thereon, and the relief of any financial or other burden on Lessor occasioned by the presence of such vendors or the sale by them of personal goods or services to the Lessee or its employees. If reasonably necessary for the accomplishment of these purposes, Lessor may exclude a particular vendor entirely or limit the number of vendors who may be present at any one time in the Office Building Project. The term "personal goods or services vendors" means persons who periodically enter the Office Building Project of which the Premises are a part for the purpose of selling goods or services to a Lessee, other than goods or services, which are used by a lessee only for the purpose of conducting its business on the Premises. "Personal goods or services" include, but are not limited to, drinking water and other beverages, food, barbering services, and shoe shining services. This Section 2 shall not apply to Lessee's vendors and suppliers in connection with Lessee's operation of its business.

3. The sidewalks, halls, passages, elevators and stairways shall not be obstructed by any Lessee or used by it for any purpose other than for ingress to and egress from their respective Premises. The halls, passages, entrances, elevators, stairways, balconies and roof are not for the use of the general public, and Lessor shall in all cases retain the right to control and prevent access thereto of all persons whose presence in the judgment of Lessor shall be prejudicial to the safety, character, reputation and interests of the Office Building Project and its lessees, provided that nothing herein contained shall be construed to prevent such access to persons with whom Lessee normally deals only for the purpose of conducting its business on the Premises (such as clients, customers, office suppliers and equipment vendors, and the like) unless such persons are engaged in illegal activities. No Lessee and no employees of any Lessee shall go upon the roof of the Building without the written consent of Lessor. This Section 3 shall not apply to Lessee's vendor's suppliers in connection with Lessee's operation of its business.

4. The sashes, sash doors, windows, glass lights, and any lights or skylights that reflect or admit light into the halls or other places of the Building shall not be covered or obstructed. The toilet rooms, water and wash closets and other water apparatus shall not be used for any purpose other than that for which they were constructed, and no foreign substance of any kind whatsoever shall be thrown therein, and the expense of any breakage, stoppage or damage, resulting from the violation of this rule shall be borne by the Lessee who, or whose clerks, agents, employees, or visitors, shall have caused it.

5. No sign, advertisement or notice visible from the exterior of the Premises or Building shall be inscribed, painted or affixed by Lessee on any part of the Office Building Project or the Premises without the prior written consent of Lessor. If Lessor shall have given such consent at any time, whether before or after the execution of this Lease, such consent shall in no way operate as a waiver or release of any of the

provisions hereof or of this Lease, and shall be deemed to relate only to the particular sign, advertisement or notice so consented to by Lessor and shall not be construed as dispensing with the necessity or obtaining the specific written consent of Lessor with respect to each and every such sign, advertisement or notice, as the case may be, so consented to by Lessor. Lessor shall have the right to remove any non-approved sign, advertisement or notice, without notice to and at the expense of Lessee, and Lessor shall not be liable in damages for such removal.

6. In order to maintain the outward professional appearance of the Office Building Project all window coverings to be installed at the Premises shall be subject to Lessor's prior approval. If Lessor, by a notice in writing to Lessee, shall object to any curtain, blind, shade or screen attached to or hung in, or used in connection with, any window door of the Premises, such use of such curtain, blind, shade or screen shall be forthwith discontinued by Lessee. No awnings shall be permitted on any part of the Premises.

7. Lessee shall not lay linoleum, tile, carpet or other similar floor covering so that the same shall be affixed to the floor of the Premises in any manner except as approved by Lessor.

8. Lessee shall not do or permit anything to be done in the Premises, or bring or keep anything therein, which shall in any way increase the rate of fire insurance on the Office Building Project, or on the property kept therein, or obstruct or interfere with the rights of other Lessees, or in any way injure or annoy them, or conflict with the regulations of the Fire Department or the fire laws, or with any insurance policy upon the Office Building Project, or any part thereof, or with any rules and ordinances established by the Board of Health or other governmental authority.

9. No Lessee shall sweep or throw or permit to be swept or thrown from the Premises any dirt or other substance into any of the corridors or halls or elevators, or out of the doors or windows or stairways of the Building. Lessee shall not use, keep or permit to be used any foul or noxious gas or substance in the Premises, or permit or suffer the Premises to be occupied or used in a manner offensive or objectionable to Lessor or other occupants of the Office Building Project by reason of noise, odors, fire hazards and/or vibrations, or interfere in any way with other Lessees or those having business therein, nor shall any animals or birds be kept in or about the Office Building Project.

10. Lessee and its employees, agents and invitees shall not smoke any tobacco products or any other smoking materials whatsoever in the Premises, Building, common areas or any other area of the Project except in such areas, if any, as shall be designated by Lessor for smoking, in Lessor's sole and absolute discretion.

11. No cooking shall be done or permitted by Lessee on the Premises, except for the use of a microwave oven for food or Underwriter's Laboratory approved equipment for brewing coffee, tea, and similar beverages shall be permitted, provided that such use is in compliance with law. Offices in the Office Building Project shall not be used for the storage of merchandise or for sleeping or lodging.

12. Lessee, upon the termination of its tenancy, shall deliver to Lessor all the keys of offices, rooms and toilet rooms which shall have been furnished Lessee or which Lessee shall have had made, and in the event of loss of any keys so furnished, shall pay Lessor therefore.

13. On Saturdays after 6:00pm., Sundays and legal holidays, and on other days between the hours of 9:00 p.m. and 7:00 a.m., access to the Office Building Project or to the halls, corridors, elevators or stairways in the Building, or to the Premises may be refused unless the person seeking access is known to the building watchman, if any, in charge and has a pass or is properly identified. Lessor shall in no case be liable for damages for the admission to or exclusion from the Office Building Project of any person whom Lessor has the right to exclude under Rule 3 above. In case of invasion, mob, riot, public excitement, or other commotion, Lessor reserves the right but shall not be

obligated to prevent access to the Office Building Project during the continuance of the same by closing the doors or otherwise, for the safety of the tenants and protection of property in the Office Building Project.

14. Lessee shall see that the windows and doors of the Premises are closed and securely locked before leaving the building and Lessee shall exercise extraordinary care and caution that all water faucets or water apparatus are entirely shut off before Lessee or Lessee's employees leave the Building, and that all electricity, gas or air shall likewise be carefully shut off, so as to prevent waste or damage, and for any default or carelessness Lessee shall make good all injuries sustained by other Lessees or occupants of the Building or Lessor.

15. Lessee shall not alter any lock or install a new or additional lock or any bolt on any door of the Premises without prior written consent of Lessor. If Lessor shall give its consent, Lessee shall in each case furnish Lessor with a key for any such lock.

16. Lessee shall not install equipment such as, but not limited to, electronic tabulating or computer equipment requiring electrical or air conditioning service in excess of those to be provided by Lessor under the Lease and any such equipment shall be placed in the Premises in settings approved by Lessor to adsorb or prevent any vibration, noise or annoyance.

17. No bicycle, or shopping cart, or other vehicle or any animal shall be brought into the Premises or the halls, corridors, elevators or any part of the Building by Lessee.

18. Lessor shall have the right to prohibit the use of the name of the Office Building Project or any other publicity by Lessee which in Landlord's opinion tends to impair the reputation of the Office Building Project, or their desirability for other Lessees, and upon written notice from Lessor, Lessee will refrain from or discontinue such publicity.

19. Lessee shall not erect any aerial or antenna on the roof or exterior walls of the Premises, the Building, or the Office Building Project.

20. Lessee shall not overload the floor of the Premises. In addition, Lessee shall not mark, drive nails, screw or drill into partitions, ceilings or floor of the Premises or deface the Premises.

21. No furniture, freight or equipment of any kind shall be brought into the Building or the Building's elevator without the consent of Lessor and all moving of the same into or out of the Building shall be done at such time and in such manner, as Lessor shall designate. Lessor shall have the right to prescribe the weight, size and position of all safes and other heavy equipment brought into the Building and also the times and manner of moving the same in and out of the Office Building Project. Safes or other heavy objects shall, if considered necessary by Lessor, stand on wood strips of such thickness as is necessary to properly distribute the weight. However, Lessor's consent to placement of Lessee's safes, heavy equipment or furniture shall not constitute a representation or warranty by Lessor that the safe, heavy equipment or furniture complies, with regard to distribution of weight and/or vibration, with the provisions of the Rule 21 nor relieve Lessee from responsibility for the consequences of noncompliance. Lessor will not be responsible for loss of or damage to any safe or property from any cause and all damage done to the Building by moving or maintaining any such safe or property from any cause and all damage done to the Building by moving or maintaining any such safe or other property shall be repaired at the expense of Lessee. There shall not be used in any space, or in the public halls of the Building, either by any Lessee or others, any hand trucks except those equipped with rubber tires and side guards.

22. Except with the written consent of Lessor, no person or persons other than those approved by Lessor shall be permitted to enter the Building for their purpose of cleaning the same. Lessee shall not cause any unnecessary labor by reason of Lessee's carelessness or indifference in the preservation of good order and cleanliness. Lessor shall in no way be responsible to any Lessee for any loss of property on the Premises, however occurring, or for any damage done to the effects of any lessee by the janitor or any other employee or any other person. Janitor service shall include ordinary dusting and cleaning by the janitor assigned to such work and shall not include cleaning of carpets or rugs, except normal vacuuming, or moving of furniture and other special services. Janitor service may not be furnished on nights when rooms are occupied after 9:00p.m.

23. Lessor will direct electricians as to where and how telephone and telegraph wires are to be introduced. No boring or cutting for wires will be allowed without the consent of Lessor. The location of telephones, call boxes and other office equipment affixed to the Premises shall be subject to the approval of Lessor.

24. No furniture, packages, supplies, equipment or merchandise will be received in the Building or carried up or down in the elevators, except between such hours and in such elevators as shall be designated by Lessor.

25. Lessor reserves the right to exclude or expel from the Office Building Project any person who in the judgment of Lessor, is intoxicated or under the influence of liquor or illegal, non-prescription drugs, or who shall in any manner do any act in violation of any of the Rules and Regulations of the Office Building Project.

26. The requirements of Lessee will be attended to only upon application to Lessor. Contractors, vendors and employees of Lessor shall not perform any work or do anything outside of their regular duties unless under special instructions from the Lessor or Lessor's agent.

27. No vending machine shall be installed, maintained or operated upon the Premises without the written consent of the Lessor.

28. Lessor shall have the right, exercisable without notice and without liability to Lessee, to change the name and the street address of the Building and/or Office Building Project of which the Premises are a part.

29. Lessee agrees that it shall comply with all fire and security regulations that may be issued from time-to-time by Lessor and Lessee also shall provide Lessor with the name of a designated responsible employee to represent Lessee in all matters pertaining to such fire or security regulations.

30. Lessor reserves the right by written notice to Lessee, to rescind, alter or waive any rule or regulation at any time prescribed for the Office Building Project when, in Lessor's judgment, it is necessary, desirable or proper for the best interest of the Office Building Project and its lessees.

31. Lessees shall not disturb, solicit, or canvas any occupant of the Office Building Project and shall cooperate to prevent same.

32. Lessor shall furnish heating and air conditioning during the hours of 7:00 a.m. to 6:00 p.m., Monday through Friday, and 8:00 a.m. to 12:00 p.m. on Saturday except for holidays. In the event Lessee requires heating and air conditioning during off hours, Sundays or Holidays, Lessor shall on notice provide such services at the then prevailing rate for such extra services.

33. Lessee shall cooperate with Lessor in obtaining maximum effectiveness of the cooling system by closing blinds when the sun's rays fall directly on windows of the premises. Lessee shall not obstruct, alter, or in any way impair the efficient operation of Lessor's heating, ventilating and air-conditioning system. Lessee shall not tamper with or change the setting of any thermostats or control valves.

34. Parking

- (a) The parking lot shall be accessible twenty-four (24) hours per day, subject to parking card or other reasonable Identification or security restriction as may be reasonably established by Lessor from time-to-time. Lessee agrees to cooperate with Lessor in completing regular maintenance of the parking lot.
- (b) Automobiles must be parked entirely within the stall lines.
- (c) All directional signs and arrows must be observed and the speed limit shall be 5 miles per hour.
- (d) Parking is prohibited in areas not striped for parking.
- (e) Lessor may refuse to permit any person who violates the within rules to park in the parking lot, and any violation of the rules shall subject the automobile to removal from the parking lot at the parker's expense.
- (f) Every parker is required to park and lock his or her own automobile. All responsibility for any loss or damage to automobile or any personal property therein is assumed by the parker.
- (g) The parking lot is for the sole purpose of parking one automobile per space. Washing, waxing, cleaning or servicing of any vehicles by the parker or his agents is prohibited.
- (h) Storage of vehicles in the parking facilities is prohibited. Lessee and Lessee's employees and visitors shall not leave vehicles in the parking lot overnight.
- (I) Lessor reserves the right to restrict customer, Lessee and Lessee's employees parking to a limited designated area or areas.

35. Lessee agrees to comply and acquaint its employees with such reasonable rules and regulations in the use of such Common areas as Lessor may adopt from time to time for the orderly and proper operation of said Common Areas.

Lessor reserves the right to make such other and further rules and regulations as in its judgment may be for the safety, care and cleanliness of the Office Building Project and for the preservation of good order therein. Lessee agrees to abide by these Rules and Regulations herein above stated and any additional rules and regulations, which are adopted hereafter.

Date: _____

Date: _____

Lessor's Initials: _____

Lessee's Initials: _____

EXHIBIT "C"

Waiver and Release.

It is the express and understood intent, purpose, desire, and agreement of the parties in the event of termination for cause or expiration of the Lease term, that Lessee, on behalf of itself, its officers, heirs, agents, shareholders, employees, subcontractors, executors, successors and assigns, shall and does hereby release and discharge Lessor, and its respective elected and appointed officials, officers, directors, employees, attorneys, accountants, consultants, other professionals, and agents, from and against the following: any claims, penalties, actions or causes of action, obligations, and demands of any kind including but not limited to, any claims arising under the California Eminent Domain Law (Title 7 (commencing with Section 1230.010) of Part 3 of the California Code of Civil Procedure), the Relocation Statutes and Regulations set forth in Chapter 16 (commencing with Section 7260) of Division 7 of the California Government Code and Subchapter 1 (commencing with Section 6000) Division 3 of Title 25 of the California Code of regulations, and claims for a "taking" or inverse condemnation arising under the United States or California Constitutions or under any federal, state, or local law, statute, ordinance, regulation, rule, official policy, court order, or common law (collectively, the "Released Claims").

The parties further acknowledge that the Released Claims include any claims for loss of business goodwill pursuant to Code of Civil Procedure §1263.510 et seq., for precondemnation damages and severance damages.

Date: _____

Lessee's Initials: _____

EXHIBIT "D"

WORK LETTER/REQUIREMENTS FOR IMPROVEMENTS OR ALTERATIONS BY LESSEE

If Lessor shall permit Lessee to construct any interior improvements (subsequent to the initial improvements to be constructed by Lessor, if any) in the Premises or to have any work performed in the Premises at any time prior to or during the Lease term by a contractor retained by Lessee ("Lessee's Work"), then Lessee shall comply with the requirements set forth herein. If Lessee's Work has been properly authorized, Lessee will receive written approval and consent for alterations to the Premises. All alterations to the Premises, excepting movable furniture and trade fixtures, shall, at Lessor's option, become a part of the realty and belong to Lessor.

1. SUBMITTAL OF PLANS. Prior to commencing any work in the Premises, Lessee shall submit to Lessor for approval its proposed plans for the work. Without limiting the foregoing, Lessee shall provide:

(a) A separate scale drawing denoting all proposed construction and/or demolition, if necessary.

(b) A separate drawing for each trade proposing structural, electrical, mechanical, civil or landscaping modifications.

(c) Specify all dimensions and complete references to all work to be performed in the affected areas.

(d) If adding extra electrical or mechanical equipment, provide complete operating and maintenance specifications for each item.

2. CHECKLIST. With respect to each project, Lessor will provide Lessee with a checklist listing the items required to be furnished to Lessor in connection with the proposed work. Lessee shall furnish to Lessor prior to, during, or upon completion of Lessee's Work, as applicable, each of the items specified in the checklist attached hereto as Attachment 1.

3. CONTRACTORS PROVIDING INTERIOR IMPROVEMENT SERVICES.

(a) The contractor employed by Lessee and any subcontractors shall be (i) duly licensed in the state in which the Premises are located, and (ii) subject to Lessor's prior written approval, which approval shall not be unreasonably withheld. If more than one trade is employed on a single job, state law requires the services of a general contractor in addition to contractors for specialty work being performed.

(b) Each contractor shall provide proof of licensing as a general or specialty contractor in accordance with state law. Additionally, each contractor shall furnish proof of licensing in the city or municipality in which the construction related activity is to take place.

(c) Lessee shall use Lessor's subcontractor for mechanical, electrical, plumbing, roofing and roofing consultant if available at competitive rates.

(d) Lessee and Lessee's contractors shall comply with all Applicable Laws pertaining to the performance of Lessee's Work and the completed improvements and all applicable safety regulations established by Lessor or the general contractor.

(e) Prior to commencement of any work in the Premises, Lessee and Lessee's contractors (and any subcontractors) shall obtain and provide Lessor with certificates evidencing Workers' Compensation, public liability and property damage insurance in amounts and forms and with companies

satisfactory to Lessor. Each general contractor (and any subcontractor) employed on the Premises shall provide Lessor with a current certificate of insurance in effect for that contractor with a thirty day notice of cancellation or revocation clause. Insurance requirements are as follows:

- (i) Comprehensive General Liability with a \$1,000,000 Combined Single Limit covering the liability of Lessor and contractor for bodily injury and property damage arising as a result of the construction of the improvements and the services performed thereunder. Lessor and any Management Company shall be named as an additional insured.
- (ii) Comprehensive Automobile Liability with a \$1,000,000 Combined Single Limit covering Lessor and vehicles used by contractor (and any subcontractor) in connection with the construction of the improvements.
- (iii) Workers' Compensation and Employer's Liability as required by law, for employees of the contractor (and any subcontractors) performing work on the Premises.

(f) The following requirements shall be incorporated as "Special Conditions" into the contract between Lessee and its contractors and a copy of the contract shall be furnished to Lessor prior to the commencement of Lessee's Work:

- (i) Prior to start of Lessee's Work, Lessee's contractor shall provide Lessor with a construction schedule in "bar graph" form indicating the completion dates of all phases of Lessee's Work.
- (ii) Lessee's contractor shall be responsible for the repair, replacement or clean-up of any damage done by it to other contractors' work which specifically includes accessways to the Premises which may be concurrently used by others.
- (iii) Lessee's contractor shall accept the Premises prior to starting any trenching operations. Any rework of sub-base or compaction required after the contractor's initial acceptance of the Premises shall be done by Lessee's contractor, which shall include the removal from the Project of any excess dirt or debris.
- (iv) Lessee's contractor shall contain its storage of materials and its operations within the Premises and such other space as it may be assigned by Lessor or Lessor's contractor. Should Lessee's contractor be assigned space outside the Premises, it shall move to such other space as Lessor or Lessor's contractor shall direct from time to time to avoid interference or delays with other work.
- (v) Lessee's contractor shall clean up the construction area and surrounding exterior areas daily. All trash, demolition materials and surplus construction materials shall be stored within the Premises and promptly removed from the Premises and the Project and disposed of in an approved sanitation site.
- (vi) Lessee's contractor shall provide temporary utilities, portable toilet facilities, and potable drinking water as required for its work within the Premises and shall pay to Lessor's contractor the cost of any temporary utilities and facilities provided by Lessor's contractor at Lessee's

contractor's request.

- (vii) Lessee's contractor shall notify Lessor or Lessor's project manager of any planned work to be done on weekends or other than normal job hours.
- (viii) Lessee's contractor or subcontractors shall not post signs on any part of the Project or on the Premises.

4. COSTS.

(a) Lessee shall promptly pay any and all costs and expenses in connection with or arising out of the performance of Lessee's Work (including the costs of permits thereof) and shall furnish to Lessor evidence of such payment upon request.

(b) Except in the case of carpet replacement or repainting, Lessee shall pay Lessor an amount equal to five percent (5%) of the total hard costs of construction and installation of Lessee's Work as compensation to Lessor for review of plans, use of facilities and other miscellaneous costs of Lessor incurred as a result of such work.

5. CONTRACTOR'S BONDS. At Lessor's sole discretion, Lessor may require Lessee to obtain performance and completion bonds to insure Interior Work

6. MECHANIC'S LIENS.

(a) Lessee shall not suffer or permit to be enforced against the Premises or any part of the Project any mechanic's, materialman's, contractor's or subcontractor's lien arising out of any work of improvement, however it may arise.

(b) Lessee shall notify Lessor at least ten (10) days prior to the commencement of construction of any Lessee's Work and Lessor shall have the right to post and record a notice of no responsibility in conformity with applicable law. Within ten (10) days following completion of Lessee's Work, Lessee shall file a Notice of Completion and deliver to Lessor an unconditional release and waiver of lien executed by each contractor, subcontractor and materialman involved in Lessee's Work.

(c) In the event any lien is filed against the Project or any portion thereof or against Lessee's leasehold interest therein as a result of Lessee's work, Lessee shall obtain the release and/or discharge of said lien, within ten (10) days after the filing thereof. In the event Lessee fails to do so, Lessor may obtain the release and/or discharge of said lien and Lessee shall indemnify Lessor for the costs thereof, including reasonable attorney's fees, together with interest at the Applicable Interest Rate from the date of demand. Nothing herein shall prohibit Lessee from contesting the validity of any such asserted claim, provided Lessee has furnished to Lessor a lien release bond freeing the Premises from the effect of the lien claim.

7. INDEMNITY. Lessee shall indemnify, defend (with counsel satisfactory to Lessor) and hold Lessor harmless from and against any and all suits, claims, actions, loss, cost or expense (including claims for workers' compensation, attorney's fees and costs) based on personal injury or property damage, or otherwise (including, without limitation, contract and breach of warranty claims) arising from the performance of Lessee's Work. Lessee shall repair or replace (or, at Lessor's election, reimburse Lessor for the cost of repairing or replacing) any portion of the Building or item of Lessor's equipment or any of Lessor's real or personal property damaged, lost or destroyed in the performance of Lessee's Work.

8. BUILDING STANDARDS. All work shall conform to Lessor's established building standards and specifications. Lessee is required to make these standards part of the construction documents.

9. ROOF PENETRATIONS. If improvements penetrate the roof membrane, the penetrations will be sealed per Lessor/IRC roofing specifications and inspected by IRC to maintain roof warranty. The cost of inspection and all corrective work shall be borne by Lessee. Lessee shall use Lessor's original roofing contractor.

10. BUILDING MODIFICATIONS. Work will only be approved within the confines of a given space. Lessee will not be allowed to modify building exterior or mechanical and electrical service as provided to the building in common with other tenants.

11. ELECTRICAL WORK. All electrical work shall be approved from the unit space electrical panel only. Additional service requirements shall be secured only by direction of Lessor. Lessee shall use Lessor's original electrical contractor if available at competitive rates.

12. SCHEDULE OF WORK. Lessee shall be required to provide a schedule of all work to be performed, subject to Lessor approval. All costs to produce such schedule shall be borne solely by Lessee.

13. CLEAN UP AND DISPOSAL OF CONSTRUCTION DEBRIS. Building trash containers are provided for office generated trash only and are not to be used for disposal of construction-related materials and debris. Unapproved usage will result in a penalty assessment to the Lessee equal to the cost of an extra pick-up service as provided under the current rate schedule of regular trash removal service.

14. INSPECTION BY LANDLORD. Lessor reserves the following rights: (i) the right of inspection prior to, during and at completion of all construction and/or demolition, (ii) the right to post and record a notice of nonresponsibility in conformity with California law, and (iii) the right to order, if reasonable, a total stop to all improvements underway for non-compliance with any of the requirements hereof.

15. GENERAL PROVISIONS.

(a) If Lessor has agreed to provide an allowance toward the cost of tenant improvements (other than the initial Lessee Improvement Allowance), Lessor shall retain from such funds an amount determined by Lessor until Lessee has fully complied with the requirements hereof.

(b) All materials, work, installations and decorations of any nature whatsoever brought on or installed in the Premises before the commencement of the Term or throughout the Term shall be at Lessee's risk, and neither Lessor nor any party acting on Lessor's behalf shall be responsible for any damage thereto or loss or destruction thereof due to any reason or cause whatsoever.

(c) Nothing contained herein shall make or constitute Lessee as the agent of Lessor.

Attachment 1 to "Exhibit D"

ITEMS TO BE FURNISHED TO LESSOR FOR EACH WORK OF IMPROVEMENT

1. Plan of Alterations for Lessor Approval.
2. Contractor(s), Address, Telephone Number, Contact Person.
3. Copy of Contractor's State and City Business License.
4. Copy of Building Permit.
5. Copy of Final Inspection and Signed Building Permit Cards.
6. Copy of Certificate of Insurance Naming The City of Laguna Hills and Essex Realty Management as Additional Insured. Insurance to include Comprehensive General Liability, Comprehensive Auto, Workers' Compensation, Employer's Liability and original Endorsement.
7. Signed Unconditional Lien Waiver in favor of Development Corporation.
8. Schedule of Work.
9. Copy of Completion and Payment Bond.
10. Architect's License and Expiration.
11. Copy of Permit Plans.
12. Copy of As-Builts.
13. Copy of Recorded Notice of Completion.
14. Certificate of Occupancy.
15. Evidence of Insurance for All-Risk/Builder's Risk Insurance to the Amount of Improvements.

THE CITY COUNCIL ADOPTED RESOLUTION NO. 2015-11-10-1, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, ESTABLISHING A NO PARKING ZONE FROM 10:00 P.M. TO 6:00 A.M. ON THE SOUTH SIDE OF BECKENHAM STREET FROM 165 FEET EAST OF ACACIA LANE TO 405 FEET EASTERLY THEREOF, BY M/COUNCIL MEMBER SEDGWICK, S/COUNCIL MEMBER CARRUTH. APPROVED BY A VOTE OF 4-1, COUNCIL MEMBER BLOUNT VOTING NO.

4. PLANNING AGENCY

Mayor Gilbert recessed the City Council meeting and acting in the capacity of Chair, called the regular meeting of the Planning Agency of the City of Laguna Hills, California to order at 7:38 p.m.

4.1 ROLL CALL OF PLANNING AGENCY MEMBERS

Present: Chair Gilbert, Vice Chair Kogerman, Agency Member Blount, Agency Member Carruth, Agency Member Sedgwick

4.2 PUBLIC COMMENTS

There were no Public Comments.

4.3 APPROVAL OF MINUTES FOR OCTOBER 27, 2015

THE PLANNING AGENCY APPROVED THE MINUTES OF THE OCTOBER 27, 2015, REGULAR MEETING, BY M/VICE CHAIR KOGERMAN, S/AGENCY MEMBER CARRUTH. APPROVED BY A VOTE OF 4-0 WITH AGENCY MEMBER BLOUNT ABSTAINING.

4.4 ADMINISTRATIVE REPORTS

There were no Administrative Reports.

4.5 PLANNING AGENCY PUBLIC HEARINGS

There were no Planning Agency Public Hearings.

PLANNING AGENCY ADJOURNMENT

Mayor Gilbert reconvened the City Council meeting at 7:39 p.m. All Council Members were present.

5. CITY COUNCIL PUBLIC HEARINGS

There were no City Council Public Hearings.



City of Laguna Hills

City Council Meeting Agenda

Staff Report

DATE: NOVEMBER 24, 2015

TO: MAYOR AND COUNCIL MEMBERS

**FROM: DONALD J. WHITE
ASSISTANT CITY MANAGER**

**ISSUE: COMPENSATION STUDY CONSULTANT SELECTION PROCESS -
APPOINTMENT OF AN AD HOC ADVISORY COMMITTEE**

RECOMMENDATION: THAT THE CITY COUNCIL APPOINT AN AD HOC ADVISORY COMMITTEE COMPOSED SOLELY OF TWO MEMBERS OF THE CITY COUNCIL TO EVALUATE PROPOSALS, CONDUCT INTERVIEWS, AND MAKE A FINAL RECOMMENDATION TO THE CITY COUNCIL REGARDING CONSULTANT SELECTION.

SUMMARY:

The City's Memorandum of Understanding (MOU) with the Laguna Hills Employees Association (LHEA) requires the City to conduct a comprehensive compensation study in the final year of the MOU. Accordingly, staff has prepared and issued a Request for Proposal (RFP) which was issued on November 2, 2015. Given the importance and complexity of the subject matter, staff recommends that the City Council take formal action to create an Ad Hoc Advisory Committee composed solely of two members of the City Council for the limited purpose of reviewing and evaluating the proposals and to make a final recommendation to the City Council regarding the selection of a qualified consulting firm to conduct the study.

BACKGROUND:

Over four years ago, the City hired an outside consultant to conduct a comprehensive compensation study. The results of that study were presented to the City Council on July 8, 2011. In August 2012, non-management employees formed the LHEA and put forward a proposal for an inaugural MOU. Over the course of the next few months, the City negotiated with the LHEA and an MOU was approved by the City Council on November 27, 2012. During the negotiations, the July 2011 Compensation Study provided a meaningful basis for both parties in the negotiations over salaries and benefits. This inaugural MOU terminates on June 30, 2016. In the MOU, the City agreed to conduct a

comprehensive compensation study in the final year of the MOU and use the same comparator agencies that were surveyed in the July 2011 Compensation Study. In response to this requirement, staff prepared and issued a RFP to conduct a compensation study. The following is the project schedule:

Schedule

RFP Release Date:	November 2015
Proposal Due Date:	December 4, 2015
Evaluation Period:	December 4-18, 2015
Contract Award Date:	January 12, 2016
Project Completion:	April/May 2016

Given the importance and complexity of the subject matter of this study, staff is recommending that the City Council appoint, pursuant to Government Code Section 54952(b), a less-than-a quorum Ad Hoc Advisory Committee composed solely of two members of the City Council to evaluate the proposals and to make a final recommendation to the City Council regarding the award of a contract for such consulting services. The Council-appointed Ad Hoc Advisory Committee will be assisted and supported by the City Manager and the Assistant City Manager. The proposed advisory committee will have a defined task and be of limited duration and will not serve as a standing committee. Interviews of the top firms will take place the week of December 14, 2015.

FISCAL IMPACT:

Thirty-five thousand (\$35,000) has been budgeted for this work effort.