



CITY OF LAGUNA HILLS CITY COUNCIL/PLANNING AGENCY

REGULAR MEETING AGENDA Tuesday, May 10, 2022 – 7:00 PM (Closed Session at 6:00 PM when scheduled)

Dave Wheeler, Mayor

Janine Heft, Mayor Pro Tempore
Erica Pezold, Council Member

Don Caskey, Council Member
Don Sedgwick, Council Member

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

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.

Submission of Electronic Public Comments: While you may attend this meeting in person, those wishing to make electronic public comments may submit their comments by email to the City Clerk at publiccomments@lagunahillsCA.gov, by 5:00 p.m. on May 10, 2022. In the subject line of the email, please state your name and the item number you are commenting on. Any public comment received that does not specify a particular agenda item number will be announced during the general public comment portion of the agenda. If you wish to submit a public comment on more than one agenda item, please send a separate email for each item you are commenting on. All comments received by 5:00 p.m. on the date of the meeting will be provided to the City Council in advance to allow time for the Council Members to read them.

Announcement of Electronic Public Comments: During the applicable agenda item, the City Clerk will announce the name of the sender and subject matter of all email comments received by 5:00 p.m. on May 10, 2022. Email comments will NOT be read by the City Clerk during the meeting. Electronic public comments may only be submitted via email and comments via text and social media (Facebook, Twitter, etc.) will not be accepted. The email comments, including your name, will become part of the record of the City Council meeting and will be public information.

CLOSED SESSION - CONVENING AT 6:00 PM**CALL 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.

ROLL CALL OF CITY COUNCIL MEMBERS**ANNOUNCEMENT OF CLOSED SESSION ITEM(S)**

The City Council will convene into Closed Session, in the City Council Conference Room or City Council Chamber, City Hall, Laguna Hills Civic Center, to consider the following matter(s):

A. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

Pursuant to paragraph (1) of subdivision (d) of California Government Code Section 54956.9

Name of Case: Californians for Homeownership, Inc., a California nonprofit public benefit corporation, vs. City of Laguna Hills; Orange County Superior Court Case No. 30-2022-01255365-CU-WM-CJC; Verified Petition for Writ of Mandate.

PUBLIC COMMENT ON CLOSED SESSION ITEM(S)**ADJOURN TO CITY COUNCIL CONFERENCE ROOM OR CITY COUNCIL CHAMBER****CONVENE INTO CLOSED SESSION****RECONVENE TO CITY COUNCIL CHAMBER****RECESS**



CITY OF LAGUNA HILLS CITY COUNCIL/PLANNING AGENCY

REGULAR MEETING AGENDA Tuesday, May 10, 2022 – 7:00 PM (Closed Session at 6:00 PM when scheduled)

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Janine Heft, Mayor Pro Tempore
Erica Pezold, Council Member

Don Caskey, Council Member
Don Sedgwick, Council Member

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

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Submission of Electronic Public Comments: While you may attend this meeting in person, those wishing to make electronic public comments may submit their comments by email to the City Clerk at publiccomments@lagunahillsCA.gov, by 5:00 p.m. on May 10, 2022. In the subject line of the email, please state your name and the item number you are commenting on. Any public comment received that does not specify a particular agenda item number will be announced during the general public comment portion of the agenda. If you wish to submit a public comment on more than one agenda item, please send a separate email for each item you are commenting on. All comments received by 5:00 p.m. on the date of the meeting will be provided to the City Council in advance to allow time for the Council Members to read them.

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GENERAL BUSINESS - CONVENING AT 7:00 PM**CALL 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.

INVOCATION: Associate Pastor Jesus Cantu of Christ Community Church

PLEDGE OF ALLEGIANCE: Council Member Caskey

ROLL CALL OF CITY COUNCIL MEMBERS**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 2022 Spring Student Liaison Austin Kays.

2. SCHEDULE OF FUTURE EVENTS**2.1 Schedule of Future Events**

Recommendation: That the Assistant City Clerk announce the upcoming City events in the months of May and early June 2022.

3. 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.

4. 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.

4.1 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.

4.2 Approval of Minutes for April 26, 2022 Regular Meeting

Recommendation: That the City Council approve the City Council/Planning Agency Minutes for the April 26, 2022, Regular Meeting.

4.3 Approval of Minutes for May 3, 2022 Special Meeting

Recommendation: That the City Council approve the City Council Minutes for the May 3, 2022, Special Meeting.

4.4 Ratification of May 10, 2022, Warrant Register

Recommendation: That the City Council ratify the accompanying Warrant Register for the period from April 15, 2022, to April 28, 2022, in the amount of \$353,801.25.

4.5 Third Quarter Financial & Treasurer's Report for Fiscal Year 2021-2022

Recommendation: That the City Council receive and file the Third Quarter Financial and Treasurer's Report for Fiscal Year 2021-2022.

4.6 Proposed Civic Center Office Lease with Carolyn Behrens, an Individual, for 24031 El Toro Road, Suite 330, Laguna Hills, California

Recommendation: That the City Council approve an office lease with Carolyn Behrens, an individual, for 24031 El Toro Road, Suite 330, Laguna Hills, California, and authorize the City Manager to execute the Lease.

4.7 Civic Center Third Quarter Financial Report for Fiscal Year 2021-2022

Recommendation: That the City Council receive and file the report.

4.8 Progress Payment No. 2, Final, for El Toro Road Eastbound Farside Paseo De Valencia Bus Stop and Shelter Passenger Amenity Improvements, CIP No. 517

Recommendation: That the City Council approve Progress Payment No. 2, Final, in the net amount of \$3,777.32, to OCLA Construction and Engineering, for El Toro Road Eastbound Farside Paseo de Valencia Bus Stop and Shelter Passenger Amenity Improvements, CIP No. 517, and authorize the filing of the Notice of Completion and subsequent release of retention in 35 days, if no liens have been filed.

4.9 Approval of Resolutions Related to the November 8, 2022, General Municipal Election

Recommendation: That the City Council adopt the following Resolutions entitled:

- 1) "A Resolution of the City Council of the City of Laguna Hills, California, calling for the holding of a General Municipal Election to be held on Tuesday, November 8, 2022, for the election of certain officers as required by the provisions of the laws of the State of California relating to General Law Cities;" and
- 2) "A Resolution of the City Council of the City of Laguna Hills, California, requesting the Board of Supervisors of the County of Orange to consolidate a General Municipal Election to be held on November 8, 2022, with the Statewide General Election to be held on the same date pursuant to Section 10403 of the Elections Code;" and
- 3) "A Resolution of the City Council of the City of Laguna Hills, California, adopting regulations for candidates for elective office pertaining to Candidates' Statements submitted to the voters at an election to be held on Tuesday, November 8, 2022."

4.10 Deed Restriction for the Community Center and Sports Complex Required to Receive Funding Provided by Proposition 68, CIP No. 237

Recommendation: That the City Council approve the Deed Restriction to be applied to the Community Center and Sports Complex as is required in order to receive Proposition 68 Grant Funding and authorize the Mayor / Mayor Pro Tempore to execute the Deed Restriction.

ITEMS REMOVED FROM THE CONSENT CALENDAR

5. PLANNING AGENCY**5.1. ROLL CALL OF PLANNING AGENCY MEMBERS****5.2. 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.

5.3. APPROVAL OF MINUTES**5.4. ADMINISTRATIVE REPORTS****5.5. PLANNING AGENCY PUBLIC HEARINGS****5.5.1 Tentative Parcel Map No. 0003-2021 (PM No. 2021-155), a Request for the Subdivision for Condominium Purposes of the Existing Medical Office Building Located at 24953 Paseo De Valencia, Building B**

Recommendation: That the Planning Agency:

1) Conduct a public hearing;

2) Find and determine that the project is categorically exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15301(k) of Title 14, Chapter 3 of the California Code of Regulations (Class 1, Existing Facilities);

3) Adopt a Resolution entitled: "A Resolution of the Planning Agency of the City of Laguna Hills, California, approving Tentative Parcel Map No. 0003-2021 (PM No. 2021-155) for the Subdivision for Condominium Purposes of the Existing Medical Office Building Located at 24953 Paseo de Valencia, Building B, including an exemption from the California Environmental Quality Act (CEQA) per CEQA Guidelines Section 15301(k) of Title 14, Chapter 3 of the California Code of Regulations (Class 1, Existing Facilities)".

PLANNING AGENCY ADJOURNMENT

6. CITY COUNCIL PUBLIC HEARINGS**6.1 Public Hearing on 2022 Weed, Rubbish, and Refuse Abatement**

Recommendation: That the City Council: 1) Conduct a Public Hearing, receive and consider all objections; and 2) Adopt a Resolution entitled: "A Resolution of the City Council of the City of Laguna Hills, California, issuing an abatement order and authorizing the Acting Public Services Director to commence enforcing weed, rubbish, and refuse abatement against specified parcels of land."

7. ADMINISTRATIVE REPORTS**7.1. City Manager****8. MATTERS AGENDIZED AND PRESENTED BY CITY COUNCIL MEMBERS****8.1. Mayor Pro Tempore Heft****8.1.1 Discussion of Directed Police Services Enforcement**

Recommendation: Mayor Pro Tempore Heft recommends that the City Council discuss directed Police Services enforcement and the potential necessary Budget Amendment to fund the additional services.

9. CITY COUNCIL MEMBER COMMITTEE REPORTS**9.1. Committee Assignment Reports**

Recommendation: That the City Council receive oral reports on the following City Council Committee Assignments:

1. South OC Watershed Management Area Executive Committee
(Mayor Wheeler) April 28, 2022 Meeting.
2. California Mayor's Coalition
(Mayor Wheeler) May 6, 2022 Meeting.
3. OC Public Libraries Library Advisory Board
(Mayor Wheeler) April 28, 2022 Meeting.

10. CITY COUNCIL MEMBER COMMENTS

ADJOURNMENT

The next Regular Meeting of the City Council/Planning Agency will be May 24, 2022, at 7:00 p.m., 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 May 5, 2022, at 5:00 p.m.



City Clerk

May 5, 2022

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

City Council/Planning Agency

Staff Report

DATE: May 10, 2022

TO: Mayor and Council Members

FROM: Jennifer Lee
Assistant City Clerk

ISSUE: Schedule of Future Events

RECOMMENDATION: That the Assistant City Clerk announce the upcoming City events in the months of May and early June 2022.

SUMMARY:

The following is a list of upcoming events in the months of May and early June 2022:

Traffic Commission Meeting

Wednesday, May 18, 2022, 7:00 p.m., Laguna Hills Civic Center Council Chamber

Regular City Council Meeting

Tuesday, May 24, 2022, 7:00 p.m., Laguna Hills Civic Center Council Chamber

Memorial Day

Monday, May 30, 2022, City Hall Offices will be closed.

Memorial Day Half Marathon, 5K, 10K

Monday, May 30, 2022, 6:50 a.m. Starting Line on Calle de la Louisa between the former mall site and Saddleback Memorial Medical Center.

Parks and Recreation Commission Meeting

Wednesday, June 1, 2022, 7:00 p.m., Laguna Hills Civic Center Council Chamber

Close of Application Period for Unscheduled Traffic Commission Vacancy

Friday, June 3, 2022, 5:00 p.m.



City of Laguna Hills

City Council/Planning Agency

Staff Report

DATE: May 10, 2022
TO: Mayor and Council Members
FROM: Melissa Au-Yeung
Deputy City Manager
ISSUE: Approval of Minutes for April 26, 2022 Regular Meeting

RECOMMENDATION: That the City Council approve the City Council/Planning Agency Minutes for the April 26, 2022, Regular Meeting.

ATTACHMENTS:

- 220426 CC Minutes

**CITY OF LAGUNA HILLS
CITY COUNCIL/PLANNING AGENCY**

**REGULAR MEETING
MINUTES
Tuesday, April 26, 2022**

CLOSED SESSION - CONVENING AT 6:00 PM

CALL TO ORDER

The meeting was called to order at 6:00 p.m. by Mayor Wheeler.

ROLL CALL OF CITY COUNCIL MEMBERS

Attendee Name	Title	Status	Arrived
Dave Wheeler	Mayor	Present	
Janine Heft	Mayor Pro Tempore	Present	
Don Caskey	Council Member	Present	
Erica Pezold	Council Member	Present	
Don Sedgwick	Council Member	Present	

ANNOUNCEMENT OF CLOSED SESSION ITEM(S)

A. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

Pursuant to paragraph (1) of subdivision (d) of California Government Code Section 54956.9

Name of Case: Californians for Homeownership, Inc., a California nonprofit public benefit corporation, vs. City of Laguna Hills; Orange County Superior Court Case No. 30-2022-01255365-CU-WM-CJC; Verified Petition for Writ of Mandate.

PUBLIC COMMENT ON CLOSED SESSION ITEM(S)

There were no public comments on the closed session item.

ADJOURN TO CITY COUNCIL CONFERENCE ROOM OR CITY COUNCIL CHAMBER

CONVENE INTO CLOSED SESSION

The City Council convened into closed session to consider the matter listed above.

RECONVENE TO CITY COUNCIL CHAMBER

RECESS

GENERAL BUSINESS - CONVENING AT 7:00 PM**CALL TO ORDER**

The meeting was called to order at 7:00 p.m. by Mayor Wheeler.

CLOSED SESSION REPORT

City Attorney Simonian stated that the City Council convened into closed session this evening pursuant to the authorities listed on the Agenda with no reportable action taken.

INVOCATION: Pastor Brian Dagen of Calvary Chapel Mission Viejo

PLEDGE OF ALLEGIANCE: Council Member Pezold

ROLL CALL OF CITY COUNCIL MEMBERS

Attendee Name	Title	Status	Arrived
Dave Wheeler	Mayor	Present	
Janine Heft	Mayor Pro Tempore	Present	
Don Caskey	Council Member	Present	
Erica Pezold	Council Member	Present	
Don Sedgwick	Council Member	Present	

1. PRESENTATIONS AND PROCLAMATIONS**1.1 Lomarena Elementary School Student Liaison**

The City Council presented a Certificate of Appointment and received an oral report from Lomarena Elementary School Student Liaison Rudolph Karnes.

1.2 Laguna Hills High School Student Liaison

The City Council received an oral report from Laguna Hills High School 2022 Spring Student Liaison Kaitlyn Heinecke.

1.3 Presentation of Proclamation for "Drowning Prevention Awareness"

The City Council issued a Proclamation encouraging participation in the "Always Watch the Water" and "Never Swim Alone" campaigns by highlighting May through August as a "Drowning Prevention Awareness" period.

1.4 Proclamation of "Lewis F. Moulton Arrival Day"

The City Council issued a Proclamation declaring May 6 as "Lewis F. Moulton Arrival Day" and Mayor Wheeler presented the Proclamation to Jared Mathis, Jay Lukes, and other individuals from the Moulton Museum.

2. SCHEDULE OF FUTURE EVENTS

2.1 Schedule of Future Events

Assistant City Clerk Lee announced the upcoming City events in the months of April and May 2022.

3. PUBLIC COMMENTS

The following individuals addressed the City Council on non-agendized items:

Dawn Ford, a resident of Laguna Hills, expressed her gratitude and excitement for the progress on the LH on the Hill project.

4. CONSENT CALENDAR

Motion to approve the Consent Calendar with Council Member Pezold removing Item No. 4.5, Mayor Pro Tempore Heft removing Item No. 4.6 and Mayor Wheeler removing Item No. 4.7.

RESULT:	APPROVED [UNANIMOUS]
MOVER:	Janine Heft, Mayor Pro Tempore
SECONDER:	Don Sedgwick, Council Member
AYES:	Dave Wheeler, Mayor; Janine Heft, Mayor Pro Tempore; Don Caskey, Council Member; Erica Pezold, Council Member; Don Sedgwick, Council Member

4.1 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.

4.2 Approval of Minutes for April 12, 2022 Regular Meeting

Recommendation: That the City Council approve the City Council/Planning Agency Minutes for the April 12, 2022, Regular Meeting.

4.3 Ratification of April 26, 2022, Warrant Register

Recommendation: That the City Council ratify the accompanying Warrant Register for the period from April 1, 2022, to April 14, 2022, in the amount of \$979,661.18.

4.4 Proposed Office Lease for Suite 200 with Berger Harrison, APC, for 24031 El Toro Road, Suite 200, Laguna Hills, California

Recommendation: That the City Council approve an office lease with Berger Harrison, APC, a California professional corporation, for 24031 El Toro Road, Suite 200, Laguna Hills, California, and authorize the City Manager to execute the Lease.

ITEMS REMOVED FROM THE CONSENT CALENDAR

4.5 Direction Regarding Unscheduled Vacancy for Traffic Commission

Council Member Pezold removed Item No. 4.5 to express her appreciation of Commissioner Caskey's time and efforts on the Traffic Commission.

Recommendation: That the City Council: 1) Accept the resignation of Susan Caskey, Traffic Commissioner, effective April 12, 2022; and 2) Direct Staff to proceed with the appointment process to fill the unscheduled vacancy on the Traffic Commission, per Government Code Section 54974, and Laguna Hills Municipal Code Section 2-28.080.

RESULT:	APPROVED [UNANIMOUS]
MOVER:	Erica Pezold, Council Member
SECONDER:	Don Sedgwick, Council Member
AYES:	Dave Wheeler, Mayor; Janine Heft, Mayor Pro Tempore; Don Caskey, Council Member; Erica Pezold, Council Member; Don Sedgwick, Council Member

4.6 2022 Laguna Hills Memorial Day Half Marathon, 10K, and 5K Event, and Aliso Viejo Community Association (AVCA) License to Enter and Indemnity Agreement to Access AVCA's Private Street During the Race Event

Mayor Pro Tempore Heft removed Item No. 4.6 to request additional information.

Recommendation: That the City Council: 1) Receive and file the pre-event planning report; and 2) Approve the AVCA License to Enter and Indemnity Agreement and authorize the City Manager to execute the Agreement.

RESULT:	APPROVED [UNANIMOUS]
MOVER:	Janine Heft, Mayor Pro Tempore
SECONDER:	Erica Pezold, Council Member
AYES:	Dave Wheeler, Mayor; Janine Heft, Mayor Pro Tempore; Don Caskey, Council Member; Erica Pezold, Council Member; Don Sedgwick, Council Member

4.7 Proposed Business Attraction and Retention Contractual Services Agreement with the Laguna Hills Chamber of Commerce for Fiscal Year 2022-2023 and a Related Budget Amendment

Mayor Wheeler removed Item No. 4.7 at staff's request to table the Item for consideration at a future meeting.

Recommendation: That the City Council: 1) Approve the proposed "Business Attraction and Retention Contractual Services Agreement" between the City of Laguna Hills and the Laguna Hills Chamber of Commerce; 2) Adopt a Resolution entitled: "A Resolution of the City Council of the City of Laguna Hills, California, amending the Fiscal Year 2021-2022 Budget by increasing the General Government Department Operating Budget for Business Attraction and Retention Services"; and 3) Authorize the Mayor to execute the Agreement.

Motion to table the item for consideration at a future meeting.

RESULT:	TABLED [UNANIMOUS]
MOVER:	Don Sedgwick, Council Member
SECONDER:	Erica Pezold, Council Member
AYES:	Dave Wheeler, Mayor; Janine Heft, Mayor Pro Tempore; Don Caskey, Council Member; Erica Pezold, Council Member; Don Sedgwick, Council Member

5. PLANNING AGENCY

There were no separate Planning Agency Business Items for this meeting.

6. CITY COUNCIL PUBLIC HEARINGS

There were no City Council public hearings.

7. ADMINISTRATIVE REPORTS

7.1. City Manager

The City Manager gave no Administrative Reports.

7.2. City Attorney**7.2.1 Appointment of New City Manager and Approval of City Manager Employment Agreement**

City Attorney Simonian reviewed the information provided in the staff report.

Recommendation: That the City Council:

- 1) Receive and file an oral report providing a summary of the Council-designated labor representatives' recommendations concerning proposed salary, benefits, and terms and conditions of employment for Jarad L. Hildenbrand, a local agency executive, to serve as the City's next City Manager;
- 2) Appoint Jarad L. Hildenbrand as City Manager of the City of Laguna Hills, effective May 16, 2022, to serve at the direction and pleasure of the City Council, pursuant to Laguna Hills Municipal Code Chapter 2-08;
- 3) Adopt Resolution No. 2022-04-26-1: "A Resolution of the City Council of the City of Laguna Hills, California, appointing Jarad L. Hildenbrand as City Manager of the City of Laguna Hills, and approving and authorizing the Mayor / Mayor Pro Tempore to execute a City Manager Employment Agreement";
- 4) Direct the City Clerk to administer the Oath of Office; and
- 5) Direct the City Clerk to provide written notice of contract termination to Interim City Manager Kenneth H. Rosenfield, P.E., pursuant to Section 2.0 of the April 2, 2022, Retired Annuitant Employment Agreement, effective May 16, 2022.

RESULT:	APPROVED [UNANIMOUS]
MOVER:	Erica Pezold, Council Member
SECONDER:	Don Sedgwick, Council Member
AYES:	Dave Wheeler, Mayor; Janine Heft, Mayor Pro Tempore; Don Caskey, Council Member; Erica Pezold, Council Member; Don Sedgwick, Council Member

7.3. Deputy City Manager/Community Services Director**7.3.1 Authorization to Initiate a Proposition 218 Notification Process to Address State Mandated (SB 1383) Organic Waste Recycling Programs Resulting in a Modification to Solid Waste and Recycling Rates and to Review Proposed Draft Amendment No. 2 to CR&R Franchise Agreement**

Deputy City Manager/Community Services Director Reynolds reviewed the information provided in the staff report, provided a PowerPoint presentation, and responded to Council Member requests for additional information.

Recommendation: That the City Council 1) Direct Staff to proceed with Proposition 218 compliance to establish the requisite new rate schedule for all residential and commercial customers in order to implement a residential food waste recycling program in accordance with SB 1383, setting a public hearing for consideration on June 14, 2022; and 2) Review the draft Amendment No. 2 to the Contract for the Collection, Transportation and Disposal of Municipal Solid Waste and for the Collection and Transportation of Recyclable Materials to Processors for Diversion between the City of Laguna Hills and CR&R Incorporated.

RESULT:	APPROVED [UNANIMOUS]
MOVER:	Don Caskey, Council Member
SECONDER:	Don Sedgwick, Council Member
AYES:	Dave Wheeler, Mayor; Janine Heft, Mayor Pro Tempore; Don Caskey, Council Member; Erica Pezold, Council Member; Don Sedgwick, Council Member

7.3.2 Establishment of City Council Ad-Hoc Committee for Preparation of the Upcoming 10-Year Solid Waste and Recycling Franchise Procurement

Deputy City Manager/Community Services Director Reynolds reviewed the information provided in the staff report, provided a PowerPoint presentation, and responded to Council Member requests for additional information.

Recommendation: That the City Council appoint two Council Members to serve on a Solid Waste and Recycling Franchise Procurement Ad-Hoc Committee to assist in the work efforts of establishing procurement documents for the upcoming 10-Year Franchise Agreement effective July 1, 2024.

Motion to appoint Council Member Pezold and Council Member Caskey to serve on a Solid Waste and Recycling Franchise Procurement AD-Hoc Committee to assist in the work efforts of establishing procurement documents for the upcoming 10-Year Franchise Agreement effective July 1, 2024.

RESULT:	APPROVED [UNANIMOUS]
MOVER:	Don Caskey, Council Member
SECONDER:	Erica Pezold, Council Member
AYES:	Dave Wheeler, Mayor; Janine Heft, Mayor Pro Tempore; Don Caskey, Council Member; Erica Pezold, Council Member; Don Sedgwick, Council Member

7.4. Chief of Police Services

7.4.1 Laguna Hills Police Services Public Safety Quarterly Report

Chief of Police Services Captain Stiverson reviewed the information provided in the staff report and responded to Council Member requests for additional information.

Recommendation: That the City Council receive and file the Laguna Hills Police Services Public Safety Quarterly Report for the First Quarter 2022.

RESULT:	RECEIVE AND FILE [UNANIMOUS]
MOVER:	Erica Pezold, Council Member
SECONDER:	Janine Heft, Mayor Pro Tempore
AYES:	Dave Wheeler, Mayor; Janine Heft, Mayor Pro Tempore; Don Caskey, Council Member; Erica Pezold, Council Member; Don Sedgwick, Council Member

8. MATTERS AGENDIZED AND PRESENTED BY CITY COUNCIL MEMBERS

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

9. CITY COUNCIL MEMBER COMMITTEE REPORTS**9.1. Committee Assignment Reports**

Recommendation: That the City Council receive oral reports on the following City Council Committee Assignments:

1. Orange County Mosquito and Vector Control District Board of Trustees
(Council Member Pezold) - April 21, 2022 meeting.

Council Member Pezold provided an oral report.

2. Orange County Transportation Authority Citizens Advisory Committee
(Mayor Wheeler) - April 19, 2022 meeting.

Mayor Wheeler provided an oral report.

10. CITY COUNCIL MEMBER COMMENTS**Council Member Pezold**

Council Member Pezold stated her excitement for the future of the City.

Mayor Wheeler

Mayor Wheeler requested that a discussion on the ability of the City to remove graffiti in areas controlled by homeowner associations due to safety concerns be agendaized for a future meeting and received a second from Mayor Pro Tempore Heft.

Council Member Caskey

Council Member Caskey stated his eagerness for a productive Housing Element Update Workshop on May 3, 2022.

Mayor Pro Tempore Heft

Mayor Pro Tempore Heft reported on the Aliso Niguel High School, Taste of Aliso Niguel event she attended on Saturday, April 23, 2022.

Mayor Pro Tempore Heft reported that she was sworn in as President of Association of California Cities – Orange County on Thursday, April 21, 2022.

ADJOURNMENT

There being no further business before the City Council at this session, Mayor Wheeler declared the meeting adjourned at 8:52 p.m.

Melissa Au-Yeung, City Clerk

ATTEST:

Dave Wheeler, Mayor

Approved at meeting of May 10, 2022



City of Laguna Hills

City Council/Planning Agency

Staff Report

DATE: May 10, 2022
TO: Mayor and Council Members
FROM: Melissa Au-Yeung
Deputy City Manager
ISSUE: Approval of Minutes for May 3, 2022 Special Meeting

RECOMMENDATION: That the City Council approve the City Council Minutes for the May 3, 2022, Special Meeting.

ATTACHMENTS:

- 220503 CC Special Minutes

**CITY OF LAGUNA HILLS
CITY COUNCIL**

**SPECIAL MEETING
MINUTES
Tuesday, May 3, 2022**

CALL TO ORDER

The meeting was called to order at 6:02 p.m. by Mayor Wheeler.

PLEDGE OF ALLEGIANCE: Mayor Pro Tempore Heft.

ROLL CALL OF CITY COUNCIL MEMBERS

Attendee Name	Title	Status	Arrived
Dave Wheeler	Mayor	Present	
Janine Heft	Mayor Pro Tempore	Present	
Don Caskey	Council Member	Present	
Erica Pezold	Council Member	Present	
Don Sedgwick	Council Member	Absent	

PUBLIC COMMENTS

The following individuals submitted electronic public comments on the City Council Workshop Item that were received, forwarded to the Council prior to the meeting, and announced into the record by Assistant City Clerk Lee:

Rona Henry, on behalf of herself and Laguna Hills residents, Denise Legters, and Ann Owens, representing the Welcome Home Neighbors Initiative, Zach Boren, representing Tova Capital, Inc., and Laguna Hills residents Monica Gibbons, Marie Lanier, Dawn and Jim Ford, and Heather Thayer.

The following individuals addressed the City Council on the City Council Workshop Item:

Karen Litfin, Kate Van Camp, Rona Henry, Dennis Vaccaro, Lou Sacharske, Jason Bush, Rev. Kent Doss, Denise Legters, Jeannette Takacs, Spencer Leonardo, Pat Hansen, Robin Jochims, and Teresa Razo.

CITY COUNCIL WORKSHOP ITEMS

Housing Element Update Workshop

Recommendation: That the City Council: 1) Receive a presentation on the draft Housing Element Update; 2) Provide direction on the contents of the draft Housing Element Update document; and 3) Provide direction on the final candidate housing sites inventory.

Community Development Director Longenecker provided introductory comments on the item, provided a PowerPoint presentation, and responded to requests for additional information from the public and Council Members.

Jennifer Gastelum, Principal, PlaceWorks, provided a PowerPoint presentation and responded to requests for additional information from the public and Council Members.

Nicole West, AICP, Senior Associate, PlaceWorks, provided a PowerPoint presentation, including the presentation of Residential Rezoning Candidate Site Selection Scenarios A through E, and responded to requests for additional information from the public and Council Members.

The following individuals addressed the City Council to requested additional information regarding the staff presentation:

Neel Patel, Robin Jochims, Jason Bush, Lou Sacharske, Steffan Morris, Karen Kalberg, Pat Hansen, Don Everts, Denise Legters, Richard Nagle, and Kate Van Camp.

Interim City Manager Rosenfield responded to requests for additional information from the public and Council Members.

Mayor Wheeler recessed the meeting at 8:00 p.m.

Mayor Wheeler reconvened the meeting at 8:14 p.m.

Mayor Pro Tempore Heft received consensus to direct Staff to remove Candidate Rezone Site No. 24 from all Candidate Site Selection Scenarios.

Mayor Wheeler received majority consensus to utilize "Scenario D" as presented for the Housing Element Residential Rezoning Candidate Sites Selection Scenario including the further direction to delete Site Nos. 26, 29, 33, 42, 69, 72, 88, 98 and add Sites described as the Alicia Village Apartments and Alicia Plaza Apartments, both located at the intersection of Paseo de Valencia at Stockport Street.

ADJOURNMENT

There being no further business before the City Council at this session, Mayor Wheeler declared the meeting adjourned at 9:28 p.m.

Melissa Au-Yeung, City Clerk

ATTEST:

Dave Wheeler, Mayor

Approved at meeting of May 10, 2022

Attachment: 220503 CC Special Minutes (2837 : Approval of Minutes for May 3, 2022 Special Meeting)



City of Laguna Hills

City Council/Planning Agency

Staff Report

DATE: May 10, 2022
TO: Mayor and Council Members
FROM: Janice Reyes
Finance Director
ISSUE: Ratification of May 10, 2022, Warrant Register

RECOMMENDATION: That the City Council ratify the accompanying Warrant Register for the period from April 15, 2022, to April 28, 2022, in the amount of \$353,801.25.

SUMMARY:

The City issues accounts payable disbursements on a regular basis and presents it to City Council for ratification at its next regularly scheduled City Council Meeting. The attached Warrant Register containing checks and electronic funds transfers for the period from April 15, 2022, to April 28, 2022, is being presented for ratification by the City Council. Payments have been reviewed and approved by the appropriate departmental staff. The Director of Finance certifies to the accuracy of the attached register and to the availability of monies for payment thereof.

ATTACHMENTS:

- Warrant Register - May 10, 2022
- Payables Detail Report - May 10, 2022



City of Laguna Hills, CA

Warrant Register - May 10, 2022

By Check Number

Date Range: 04/15/2022 - 04/28/2022

Check Number	Vendor Number	Vendor Name	Payment Date	Payment Amount
Payment Type: Regular				
8820647	A-0365	AT&T - CALNET 3	04/21/2022	235.26
8820648	B-0444	BOB HALL AND ASSOCIATES	04/21/2022	6,500.00
8820649	B-0440	BUCKNAM INFRASTRUCTURE GROUP, INC.	04/21/2022	2,400.00
8820650	C-1144	CHARLES ABBOTT ASSOCIATES, INC	04/21/2022	25,225.63
8820651	C-1191	COMMUNICATIONS CHGS- LAW ENF - COUNTY OF ORANGE	04/21/2022	1,000.00
8820652	C-1139	COMPLETE OFFICE OF CALIFORNIA	04/21/2022	673.25
8820653	F-0714	FIREWORKS & STAGE FX AMERICA, INC.	04/21/2022	19,250.00
8820654	H-0894	HATTOX DESIGN GROUP, LLC	04/21/2022	1,062.50
8820655	I-0920	ICMA	04/21/2022	200.00
8820656	J-1057	JAMEY CLARK, INC.	04/21/2022	376.00
8820657	G-0709	JOE A. GONSALVES & SON	04/21/2022	2,900.00
8820658	M-1600	MERCY HOUSE LIVING CENTERS, INC.	04/21/2022	1,781.75
8820659	O-1500	ORANGE COUNTY REGISTER	04/21/2022	580.87
8820660	P-1824	PACKET FUSION, INC.	04/21/2022	125.00
8820661	P-1832	PRINTEX PRINTING AND GRAPHICS INC.	04/21/2022	145.46
8820662	R-1855	RICHARD FISHER ASSOCIATES	04/21/2022	1,722.28
8820663	S-1980	STATE DEPARTMENT OF JUSTICE ACCOUNTING OFFICE	04/21/2022	32.00
8820664	S-2095	STONE IMAGERY	04/21/2022	404.06
8820665	S-2209	STUDIO TWO BLACK DIAMOND	04/21/2022	113.14
8820666	B-0444	BOB HALL AND ASSOCIATES	04/28/2022	7,500.00
8820667	C-1102	CALIFORNIA BUILDING STANDARDS COMMISSION	04/28/2022	630.90
8820668	C-0362	CITY OF LAKE FOREST	04/28/2022	8,283.38
8820669	C-0023	COX COMMUNICATION	04/28/2022	478.55
8820670	D-0453	DEPARTMENT OF CONSERVATION	04/28/2022	1,998.28
8820671	D-0423	DIVISION OF THE STATE ARCHITECT STATE OF CALIFORNIA	04/28/2022	189.60
8820672	E-0608	EVERDE GROWERS	04/28/2022	3,169.39
8820673	H-0805	HARRINGTON GEOTECHNICAL ENGINEERING, INC.	04/28/2022	720.00
8820674	H-0829	HARTZOG & CRABILL, INC.	04/28/2022	3,896.02
8820675	I-0902	INT'L INST. OF MUNICIPAL CLERK	04/28/2022	240.00
8820676	J-1057	JAMEY CLARK, INC.	04/28/2022	10,533.75
8820677	L-1381	LEE, JENNIFER	04/28/2022	18.02
8820678	M-1388	MOBILE MINI, INC.	04/28/2022	526.48
8820679	M-1302	MOULTON NIGUEL WATER DISTRICT	04/28/2022	5,397.21
8820680	N-1474	NIEVES LANDSCAPE, INC.	04/28/2022	89,984.77
8820681	O-1609	OCLA CONSTRUCTION & ENGINEERING	04/28/2022	3,577.32
8820682	O-1546	OFFICE SOLUTIONS	04/28/2022	355.54
8820683	P-1834	PLACEWORKS, INC.	04/28/2022	16,010.79
8820684	R-1830	RALPHS GROCERY COMPANY	04/28/2022	71.86
8820685	R-1977	RJ ELECTRIC	04/28/2022	3,465.00
8820686	S-1902	SAN DIEGO GAS & ELECTRIC	04/28/2022	37,864.54
8820687	S-1904	SOUTHERN CALIFORNIA EDISON	04/28/2022	3,581.37
8820688	S-2250	SPARKLETTS	04/28/2022	142.81
8820689	W-2337	WEST COAST ARBORISTS, INC.	04/28/2022	13,915.00

Attachment: Warrant Register - May 10, 2022 (2843 : Warrant Register, May10, 2022)

Warrant Register - May 10, 2022

Date Range: 04/15/2022 - 04/28/2022

Check Number	Vendor Number	Vendor Name
8820690	R-1801	WOODRUFF, SPRADLIN & SMART

Payment Date	Payment Amount
04/28/2022	76,523.47
Total Regular:	353,801.25

Bank Code AP Bank Summary				
	Payable	Payment		
Payment Type	Count	Count	Discount	Payment
Regular Checks	63	44	0.00	353,801.25
Manual Checks	0	0	0.00	0.00
Voided Checks	0	0	0.00	0.00
Bank Drafts	0	0	0.00	0.00
EFT's	0	0	0.00	0.00
	63	44	0.00	353,801.25

Attachment: Warrant Register - May 10, 2022 (2843 : Warrant Register, May10, 2022)

All Bank Codes Check Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	63	44	0.00	353,801.25
Manual Checks	0	0	0.00	0.00
Voided Checks	0	0	0.00	0.00
Bank Drafts	0	0	0.00	0.00
EFT's	0	0	0.00	0.00
	63	44	0.00	353,801.25

Fund Summary

Fund	Name	Period	Amount
998	POOL	4/2022	353,801.25
			353,801.25



City of Laguna Hills, CA

Payables Detail Report

By Fund

Payment Dates 04/15/2022 - 04/28/2022

Payment Date	Vendor Name	Payable Number	Description (Payable)	Account Number	Amount
Fund: 100 - GENERAL FUND					
04/21/2022	AT&T - CALNET 3	000018016191	Alarm, Com Ctr & City Hall Lines, Apr '22	100-195-630000	147.83
04/21/2022	AT&T - CALNET 3	000018016191	Alarm, Com Ctr & City Hall Lines, Apr '22	100-310-630100	87.43
04/21/2022	ORANGE COUNTY REGISTER	032822	Subscription, City Hall, 4/25/22 - 7/24/22	100-155-626000	580.87
04/21/2022	FIREWORKS & STAGE FX AMERICA, INC.	042022	Deposit, 4th of July Event	100-000-140000	19,250.00
04/21/2022	BOB HALL AND ASSOCIATES	1082	Recruitment Services, Mar '22	100-155-700000	6,500.00
04/21/2022	JOE A. GONSALVES & SON	159791	Legislative Services, May '22	100-155-700020	2,900.00
04/21/2022	HATTOX DESIGN GROUP, LLC	2204103	Civic Center Improvements, CIP #505	100-600-790600	1,062.50
04/21/2022	PRINTEX PRINTING AND GRAPHICS INC.	22948 (2)	City Anniversary Expense, Apr '22	100-310-695530	145.46
04/21/2022	COMPLETE OFFICE OF CALIFORNIA	2656981-0	Computer Supplies, Apr '22	100-195-621000	441.26
04/21/2022	COMPLETE OFFICE OF CALIFORNIA	2657409-0	Computer Supplies, Apr '22	100-195-621000	91.93
04/21/2022	COMPLETE OFFICE OF CALIFORNIA	2657447-0	Computer Supplies, Apr '22	100-195-621000	238.55
04/21/2022	STONE IMAGERY	28018	Community Assistance/Public Relation, Mar '22	100-155-695000	404.06
04/21/2022	BUCKNAM INFRASTRUCTURE GROUP, INC.	361-01.24	Computer Consulting Services, Mar	100-195-700090	2,400.00
04/21/2022	ICMA	424819-042022	Membership, DR	100-310-610000	200.00
04/21/2022	RICHARD FISHER ASSOCIATES	4477	Professional Services, CIP #403, Mar '22	100-600-790600	1,722.28
04/21/2022	MERCY HOUSE LIVING CENTERS, INC.	5003-21-12	Contract Services - Homelessness, Dec '21	100-310-720302	1,781.75
04/21/2022	STATE DEPARTMENT OF JUSTICE ACCOUNTING OFFICE	572536	Pre-employment Fingerprinting, Mar '22	100-195-617000	32.00
04/21/2022	CHARLES ABBOTT ASSOCIATES, INC	63972	Professional Services, Mar '22	100-225-700000	25,225.63
04/21/2022	JAMEY CLARK, INC.	73083	Graffiti Removal, Public Services, Mar '22	100-355-720500	376.00
04/21/2022	STUDIO TWO BLACK DIAMOND	98562	Printing Services, Apr '22	100-195-623000	113.14
04/21/2022	COMPLETE OFFICE OF CALIFORNIA	C2656981-0	Computer Supplies, Apr '22	100-195-621000	(98.49)
04/21/2022	PACKET FUSION, INC.	PB14934	Phone System Support, Mar '22	100-195-646000	125.00
04/21/2022	COMMUNICATIONS CHGS- LAW ENF - COUNTY OF ORANGE	SC13367	Communications Charges, 1/1/22 - 3/31/22	100-420-646000	1,000.00
04/28/2022	RALPHS GROCERY COMPANY	0322129972_22442800	Operating Supplies, Comm Svcs, Apr '22	100-310-622005	64.97
04/28/2022	RALPHS GROCERY COMPANY	0322130224_22464178	Special Events-Program Service, Apr '22	100-310-695500	6.89
04/28/2022	DEPARTMENT OF CONSERVATION	033122	Remittance, SMIP Fee, Jan-Mar '22	100-000-221001	290.26
04/28/2022	DEPARTMENT OF CONSERVATION	033122	Remittance, SMIP Fee, Jan-Mar '22	100-000-221002	1,708.02
04/28/2022	CALIFORNIA BUILDING STANDARDS COMMISSION	033122 Q1	Building Standard Fund, Jan-Mar '22	100-000-221011	701.00
04/28/2022	DIVISION OF THE STATE ARCHITECT	033122 Q1	Disability Access Fees, Jan-Mar '22	100-000-221012	1,896.00
04/28/2022	STATE OF CALIFORNIA	033122 Q1	Building Standard Fund, Jan-Mar '22	100-000-442000	(70.10)
04/28/2022	INT'L INST. OF MUNICIPAL CLERK	041222	Annual Memberships, City Clerk, JL	100-155-610000	240.00
04/28/2022	COX COMMUNICATION	041722	T-1 Line, Apr '22	100-195-630000	446.41
04/28/2022	COX COMMUNICATION	041822	Cable, City Hall, Apr '22	100-195-630000	32.14
04/28/2022	SAN DIEGO GAS & ELECTRIC	041822	Street Lights, Traffic Control, Com Ctr, Feb & Mar	100-310-631100	9,879.32
04/28/2022	SAN DIEGO GAS & ELECTRIC	041822	Street Lights, Traffic Control, Com Ctr, Feb & Mar	100-355-631000	9,703.11
04/28/2022	SAN DIEGO GAS & ELECTRIC	041822	Street Lights, Traffic Control, Com Ctr, Feb & Mar	100-356-631400	14,918.08

Attachment: Payables Detail Report - May 10, 2022 (2843 : Warrant Register, May 10, 2022)

Payables Detail Report

Payment Dates: 04/15/2022 - 04/28/2022

Payment Date	Vendor Name	Payable Number	Description (Payable)	Account Number	Amount
04/28/2022	SAN DIEGO GAS & ELECTRIC	041822	Street Lights, Traffic Control, Com Ctr, Feb & Mar	100-356-631900	3,364.03
04/28/2022	SOUTHERN CALIFORNIA EDISON	041922 - Acct #7002345C	Street Lights, Traffic Control, Feb & Mar '22	100-355-631000	742.61
04/28/2022	SOUTHERN CALIFORNIA EDISON	041922 - Acct #7002345C	Street Lights, Traffic Control, Feb & Mar '22	100-356-631400	2,743.56
04/28/2022	SOUTHERN CALIFORNIA EDISON	042222 - Acct #7000760C	Street Lights, Traffic Control, Mar '22	100-355-631000	49.61
04/28/2022	SOUTHERN CALIFORNIA EDISON	042222 - Acct #7000760C	Street Lights, Traffic Control, Mar '22	100-356-631400	45.59
04/28/2022	LEE, JENNIFER	042522	Mileage Reimbursement, City Clerk, 4/25/22	100-155-613000	18.02
04/28/2022	MOULTON NIGUEL WATER DISTRICT	042722	Water Usage, Public Services & Com Ctr, Mar '22	100-310-635100	696.82
04/28/2022	MOULTON NIGUEL WATER DISTRICT	042722	Water Usage, Public Services & Com Ctr, Mar '22	100-355-635000	4,700.39
04/28/2022	EVERDE GROWERS	1040120	Rooted Campaign Event, Apr '22	100-310-695500	3,169.39
04/28/2022	BOB HALL AND ASSOCIATES	1093	Recruitment Services, Apr '22	100-155-700000	7,500.00
04/28/2022	WEST COAST ARBORISTS, INC.	182174	Tree Trimming Services, Jan '22	100-355-720702	12,415.00
04/28/2022	WEST COAST ARBORISTS, INC.	184351	Tree Trimming Services, Mar '22	100-355-720702	1,500.00
04/28/2022	OCLA CONSTRUCTION & ENGINEERING	2	El Toro Rd Bus Shelter @ PDV, CIP #517	100-000-201000	(188.28)
04/28/2022	OCLA CONSTRUCTION & ENGINEERING	2	El Toro Rd Bus Shelter @ PDV, CIP #517	100-600-790600	3,765.60
04/28/2022	HARRINGTON GEOTECHNICAL ENGINEERING, INC.	21309	Professional Svcs, CIP #403	100-600-790600	720.00
04/28/2022	HARTZOG & CRABILL, INC.	22-0178(HCI#3502)	Traffic Signal Mgmt Services, CIP 168, Mar '22	100-356-700101	3,333.52
04/28/2022	HARTZOG & CRABILL, INC.	22-0178(HCI#3502)	Traffic Signal Mgmt Services, CIP 168, Mar '22	100-600-790600	562.50
04/28/2022	SPARKLETTS	4228482 042222	Operating Supplies, Apr '22	100-195-622000	142.81
04/28/2022	RJ ELECTRIC	60686	Parks Contract Repair, Apr '22	100-355-720701	3,465.00
04/28/2022	WOODRUFF, SPRADLIN & SMART	71067 - 71068	Professional Services Legal, Mar '22	100-000-223000	352.00
04/28/2022	WOODRUFF, SPRADLIN & SMART	71067 - 71068	Professional Services Legal, Mar '22	100-000-452000	(352.00)
04/28/2022	WOODRUFF, SPRADLIN & SMART	71067 - 71068	Professional Services Legal, Mar '22	100-155-700010	42,825.97
04/28/2022	WOODRUFF, SPRADLIN & SMART	71067 - 71068	Professional Services Legal, Mar '22	100-155-700011	110.00
04/28/2022	WOODRUFF, SPRADLIN & SMART	71067 - 71068	Professional Services Legal, Mar '22	100-225-700012	352.00
04/28/2022	NIEVES LANDSCAPE, INC.	71817	Monthly and Misc Landscape, Apr '22	100-355-720700	87,636.69
04/28/2022	NIEVES LANDSCAPE, INC.	71897	Monthly and Misc Landscape, Apr '22	100-355-720700	104.34
04/28/2022	NIEVES LANDSCAPE, INC.	71898	Monthly and Misc Landscape, Apr '22	100-355-720700	49.10
04/28/2022	NIEVES LANDSCAPE, INC.	71899	Monthly and Misc Landscape, Apr '22	100-355-720700	232.61
04/28/2022	NIEVES LANDSCAPE, INC.	71900	Monthly and Misc Landscape, Apr '22	100-355-720700	375.97
04/28/2022	NIEVES LANDSCAPE, INC.	71901	Monthly and Misc Landscape, Apr '22	100-355-720700	92.06
04/28/2022	NIEVES LANDSCAPE, INC.	71902	Monthly and Misc Landscape, Apr '22	100-355-720700	634.00
04/28/2022	NIEVES LANDSCAPE, INC.	71914	Rooted Campaign, Apr '22	100-310-695500	860.00
04/28/2022	JAMEY CLARK, INC.	72991	Park Repairs, Public Services, Mar '22	100-355-720701	225.00
04/28/2022	JAMEY CLARK, INC.	73093	Park Repairs, Public Services, Apr '22	100-355-720701	208.75
04/28/2022	JAMEY CLARK, INC.	73096	Park Repairs, Public Services, Apr '22	100-355-720701	10,100.00
04/28/2022	PLACEWORKS, INC.	78077	Housing Element, Mar '22	100-225-700225	16,010.79
04/28/2022	MOBILE MINI, INC.	9013645689	Storage Rental, Community Center, 4/13 - 5/10/22	100-310-641000	225.71
04/28/2022	MOBILE MINI, INC.	9013694247	Storage Rental, Community Center, 4/19 - 5/16/22	100-310-641000	82.97
04/28/2022	MOBILE MINI, INC.	9013707288	Storage Rental, Community Center, 4/20 - 5/17/22	100-310-641000	217.80
04/28/2022	OFFICE SOLUTIONS	I-01995262	Office Supplies, Apr '22	100-195-620000	355.54
Fund 100 - GENERAL FUND Total:					313,988.77
Fund: 101 - MGP DEVELOPMENT APPLICATION - VALH PROJECT					
04/28/2022	WOODRUFF, SPRADLIN & SMART	71067 - 71068	Professional Services Legal, Mar '22	101-000-223000	30,305.00
04/28/2022	WOODRUFF, SPRADLIN & SMART	71067 - 71068	Professional Services Legal, Mar '22	101-000-450000	(30,305.00)
04/28/2022	WOODRUFF, SPRADLIN & SMART	71067 - 71068	Professional Services Legal, Mar '22	101-225-700012	30,305.00
Fund 101 - MGP DEVELOPMENT APPLICATION - VALH PROJECT Total:					30,305.00

Attachment: Payables Detail Report - May 10, 2022 (2843 : Warrant Register, May 10, 2022)

Payables Detail Report

Payment Dates: 04/15/2022 - 04/28/2022

Payment Date	Vendor Name	Payable Number	Description (Payable)	Account Number	Amount
Fund: 307 - C & D FORFEITED DEPOSITS					
04/28/2022	CITY OF LAKE FOREST	1217	MOU LH/LF Franchise Procurement, Feb '22	307-355-700000	3,527.75
04/28/2022	CITY OF LAKE FOREST	1218	MOU LH/LF Franchise Procurement, Mar '22	307-355-700000	4,755.63
Fund 307 - C & D FORFEITED DEPOSITS Total:					8,283.38
Fund: 312 - CASp					
04/28/2022	DIVISION OF THE STATE ARCHITECT STATE OF CALIFORNIA	033122 Q1	Disability Access Fees, Jan-Mar '22	312-000-442000	(1,706.40)
Fund 312 - CASp Total:					(1,706.40)
Fund: 451 - LIABILITY SELF-INSURANCE					
04/28/2022	WOODRUFF, SPRADLIN & SMART	71067 - 71068	Professional Services Legal, Mar '22	451-155-700011	2,930.50
Fund 451 - LIABILITY SELF-INSURANCE Total:					2,930.50
Fund: 600 - CAPITAL IMPROVEMENT PROJECT					
04/21/2022	HATTOX DESIGN GROUP, LLC	2204103	Civic Center Improvements, CIP #505	600-000-490100	(1,062.50)
04/21/2022	HATTOX DESIGN GROUP, LLC	2204103	Civic Center Improvements, CIP #505	600-255-950505	1,062.50
04/21/2022	RICHARD FISHER ASSOCIATES	4477	Professional Services, CIP #403, Mar '22	600-000-490100	(1,722.28)
04/21/2022	RICHARD FISHER ASSOCIATES	4477	Professional Services, CIP #403, Mar '22	600-254-950403	1,722.28
04/28/2022	OCLA CONSTRUCTION & ENGINEERING	2	El Toro Rd Bus Shelter @ PDV, CIP #517	600-000-490100	(3,765.60)
04/28/2022	OCLA CONSTRUCTION & ENGINEERING	2	El Toro Rd Bus Shelter @ PDV, CIP #517	600-255-950517	3,765.60
04/28/2022	HARRINGTON GEOTECHNICAL ENGINEERING, INC.	21309	Professional Svcs, CIP #403	600-000-490100	(720.00)
04/28/2022	HARRINGTON GEOTECHNICAL ENGINEERING, INC.	21309	Professional Svcs, CIP #403	600-254-950403	720.00
04/28/2022	HARTZOG & CRABILL, INC.	22-0178(HCI#3502)	Traffic Signal Mgmt Services, CIP 168, Mar '22	600-000-490100	(562.50)
04/28/2022	HARTZOG & CRABILL, INC.	22-0178(HCI#3502)	Traffic Signal Mgmt Services, CIP 168, Mar '22	600-251-950168	562.50
Fund 600 - CAPITAL IMPROVEMENT PROJECT Total:					0.00
Grand Total:					353,801.25

Attachment: Payables Detail Report - May 10, 2022 (2843 : Warrant Register, May10, 2022)

Report Summary

Fund Summary

Fund	Expense Amount	Payment Amount
100 - GENERAL FUND	313,988.77	313,988.77
101 - MGP DEVELOPMENT APPLICATION - VALH PROJECT	30,305.00	30,305.00
307 - C & D FORFEITED DEPOSITS	8,283.38	8,283.38
312 - CASp	(1,706.40)	(1,706.40)
451 - LIABILITY SELF-INSURANCE	2,930.50	2,930.50
600 - CAPITAL IMPROVEMENT PROJECT	0.00	0.00
Grand Total:	353,801.25	353,801.25

Account Summary

Account Number	Account Name	Expense Amount	Payment Amount
100-000-140000	Pre-paid Expenditures	19,250.00	19,250.00
100-000-201000	Accounts Payable	(188.28)	(188.28)
100-000-221001	SMIP - Residential	290.26	290.26
100-000-221002	SMIP - Commercial	1,708.02	1,708.02
100-000-221011	Building Standards Fee	701.00	701.00
100-000-221012	SB1186 ADA CASp Fees	1,896.00	1,896.00
100-000-223000	Plan Application Deposit	352.00	352.00
100-000-442000	Building Related Permits	(70.10)	(70.10)
100-000-452000	Plan Check Fee - Fee Base	(352.00)	(352.00)
100-155-610000	Memberships and Dues Expense	240.00	240.00
100-155-613000	Mileage Reimbursement	18.02	18.02
100-155-626000	Subscriptions & Books	580.87	580.87
100-155-695000	CommunityAsstnc/PublicRelation	404.06	404.06
100-155-700000	Professional Services	14,000.00	14,000.00
100-155-700010	Legal Services-General Counsel	42,825.97	42,825.97
100-155-700011	Legal Services-Litigation	110.00	110.00
100-155-700020	Professional Services - Legislative	2,900.00	2,900.00
100-195-617000	Recruitment	32.00	32.00
100-195-620000	Office Supplies	355.54	355.54
100-195-621000	Computer Supplies	673.25	673.25
100-195-622000	Operating Supplies	142.81	142.81
100-195-623000	Printing	113.14	113.14
100-195-630000	Telephone & Communication	626.38	626.38
100-195-646000	Maint & Rep-Equip & Machinery	125.00	125.00
100-195-700090	Computer Consulting Services	2,400.00	2,400.00
100-225-700000	Prof. Svcs - Building & Safety	25,225.63	25,225.63
100-225-700012	Legal Services - Community	352.00	352.00
100-225-700225	Housing Element	16,010.79	16,010.79
100-310-610000	Memberships and Dues Expense	200.00	200.00
100-310-622005	Operating Supplies Comm Ctr	64.97	64.97
100-310-630100	Phone & Communication Comm	87.43	87.43
100-310-631100	Utilities - Electric Comm Ctr	9,879.32	9,879.32
100-310-635100	Utilities - Water Comm Ctr	696.82	696.82
100-310-641000	Rent/Lease - Equipment	526.48	526.48
100-310-695500	Special Events-Program Service	4,036.28	4,036.28
100-310-695530	City Anniversary Program	145.46	145.46
100-310-720302	Contract Services - Homelessness	1,781.75	1,781.75
100-355-631000	Utilities - Electric	10,495.33	10,495.33
100-355-635000	Utilities - Water	4,700.39	4,700.39
100-355-720500	Graffiti Removal	376.00	376.00
100-355-720700	Landscape Maintenance Contract	89,124.77	89,124.77
100-355-720701	Parks Contract Repair	13,998.75	13,998.75
100-355-720702	Tree Maintenance	13,915.00	13,915.00
100-356-631400	MOE Electricity-Streetlights &	17,707.23	17,707.23
100-356-631900	MOE Electricity On-bill Financing	3,364.03	3,364.03
100-356-700101	MOE Traffic Engineer Services	3,333.52	3,333.52
100-420-646000	Maint & Rep-Equip & Machinery	1,000.00	1,000.00

Attachment: Payables Detail Report - May 10, 2022 (2843 : Warrant Register, May 10, 2022)

Payables Detail Report

Payment Dates: 04/15/2022 - 04/28/2022

Account Summary

Account Number	Account Name	Expense Amount	Payment Amount
100-600-790600	Transfers Out - Capital Imprv	7,832.88	7,832.88
101-000-223000	Plan Application Deposit	30,305.00	30,305.00
101-000-450000	Planning Fees	(30,305.00)	(30,305.00)
101-225-700012	Legal Services	30,305.00	30,305.00
307-355-700000	Professional Services	8,283.38	8,283.38
312-000-442000	Building Related Permits	(1,706.40)	(1,706.40)
451-155-700011	Legal Services-Litigation	2,930.50	2,930.50
600-000-490100	Transfer In- General Fund	(7,832.88)	(7,832.88)
600-251-950168	TrafficSignalImprovCoordination	562.50	562.50
600-254-950403	CIP-Misc Storms Drains	2,442.28	2,442.28
600-255-950505	CIP-Civic Center Improvements	1,062.50	1,062.50
600-255-950517	El Toro Rd Bus Shelter @ PDV	3,765.60	3,765.60
Grand Total:		353,801.25	353,801.25

Project Account Summary

Project Account Key	Expense Amount	Payment Amount
None	353,801.25	353,801.25
Grand Total:	353,801.25	353,801.25

Attachment: Payables Detail Report - May 10, 2022 (2843 : Warrant Register, May 10, 2022)



City of Laguna Hills

City Council/Planning Agency

Staff Report

DATE: May 10, 2022
TO: Mayor and Council Members
FROM: Janice Reyes
Finance Director
ISSUE: Third Quarter Financial & Treasurer's Report for Fiscal Year 2021-2022

RECOMMENDATION: That the City Council receive and file the Third Quarter Financial and Treasurer's Report for Fiscal Year 2021-2022.

SUMMARY:

The City's Quarterly Financial Report for the Third Quarter of Fiscal Year 2021-2022 is presented for information, attached. The Quarterly Financial Report provides the City Council, management, and the public with the results of the City's financial operations for the 2021-2022 Fiscal Year through March 31, 2022, on a modified accrual basis for all governmental funds.

Fund Balances of governmental funds are reported separately within classifications based on a hierarchy of constraints placed on the use of those resources. Fund balances are considered "restricted" if there are externally imposed restrictions on its usage, are considered "assigned" by the City's intent to used for specific purposes, e.g. reserves as established in the City's Financial Policy No. 105, and the residual fund balance remaining is considered "unassigned". Pursuant to Policy No. 105, the City shall strive to achieve and maintain a minimum "unrestricted" fund balance of 35% and a minimum "unassigned" fund balance of 25%. A detailed schedule of total fund balance for all governmental funds at the onset of the current fiscal year, as of June 30, 2021, is as follows.

Third Quarter Financial & Treasurer's Report FY 2021-2022

May 10, 2022

Page 2

Fund Balance, as of June 30, 2021	\$ 14,530,352	<i>Ratio</i>
<i>Less the following fund balances:</i>		
Reservation for Debt Service	(1,810,912)	
Non-major Governmental Funds	(3,892,860)	
Unrestricted General Fund Balance (>35%)	\$ 8,826,580	<i>40%</i>
<i>Less Assigned:</i>		
Total Capital Replacement Funds	(710,659)	
Insurance Reserve Funds	(200,000)	
Unassigned Fund Balance (>25%)	\$ 7,915,921	<i>36%</i>

As reported on page 3 of the Quarterly Financial Report, the fiscal year-to-date activity for the first nine months of the fiscal year resulted in a net decrease of \$1,345,772, which reduced the City's total governmental fund balance from \$14,530,352, as of June 30, 2021, to \$13,184,578, as of March 31, 2022, as shown on page 5 of the report.

Pursuant to City Council Policy No. 105, expenditures may be moved from one department to another or between funds within the Operating Budget by the City Manager and Department Heads shall have the authority to move appropriations between line items within their department budgets. However, pursuant to Resolution No. 2021-06-22-5, transfers of \$50,000 or more shall require the City Manager to provide notice to the City Council within a reasonable amount of time after the transfer has been made. There are no such transfers to report at this time. Nor are there material deviations or significant variances to report at the end of the third quarter.

The Quarterly Financial Report contains a condensed Treasurer's Investment Report as of March 31, 2022, on Page 6. The City's total portfolio of \$13,519,507 at the end of the third quarter for all fund types is invested in authorized securities. The City's investment policy approved by City Council Resolution is the prevailing guideline in managing investments.

ATTACHMENTS:

- Quarterly Financial Report for the Third Quarter of Fiscal Year 2021-2022



CITY OF LAGUNA HILLS

Quarterly Financial Report

Third Quarter, Fiscal Year 2021/2022

The following unaudited financial information summarizes the City's overall financial activity for the current fiscal year through March 31, 2022. Financial analysis for this report is provided for the General Fund, Capital Improvement Program, Debt Service, and other City governmental funds, and is intended to provide the City Council and the public with a summary overview of the City's general fiscal condition through March 31, 2022.

A Summary of Funding Sources and Uses for the nine months ended March 31, 2022, is presented in the table below.

Summary of Funding Sources & Uses For the Nine Months Ended March 31, 2022

	YTD Actual (million)	Budget (million)	YTD % of Budget
<i>Funding Sources</i>	\$ 19.7	\$ 29.2	67%
<i>Funding Uses</i>	21.0	28.4	74%
<i>Net Change</i>	(\$1.3)	\$0.8	

The Comparative Statement of Operations for Governmental Funds, on page 3, shows the detail of the year-to-date actual financial activity in relation to the Amended Budget. Year-to-date financial activity for all governmental funds through March 31, 2022, reports expenditures exceeding revenues by \$1.3 million, with the City receiving roughly \$19.7 million in total funding sources and incurring roughly \$21 million in total funding uses.

The financial activity is reported using modified-accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets. Available means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. Generally, the City uses an availability period of 60 days. Expenditures are recognized in the period in which the liability is incurred and expected to be paid with expendable available financial resources.

Interpreting the information presented herein requires consideration of the cash flow fluctuations of revenues and expenditures during the fiscal year. With three quarters of the fiscal year complete, total funding sources for all governmental funds was 67% of budget and funding uses was at 74% of budget. There are a number of revenue and expenditures items that would show significant deviation if a straight-line comparison was applied. In a straight-line approach, one would expect line items to approximate 75% of budget by the end of the quarter. However, the timing of many revenue and expenditure transactions do not occur at uniform times or at equal intervals over the course of the fiscal year. Hence, although the third quarter represents 75% of the fiscal year, not all line items will be at 75% of the budget.

There are no significant material variances from the fiscal year 2021/22 Budget to report at this time. However, given the turbulence in recovering from the financial impacts caused by the global pandemic and its impact on the national, as well as local economy, Staff continues to closely monitor its effects on the financial activity of the City as we enter the final quarter of the fiscal year 2021/22.

Funding Sources

The City's total funding sources comprise of general fund revenues, special fund revenues, and other financing sources. At the end of the third quarter, total funding sources were approximately 20 million, or 67% of budget.

GENERAL FUND REVENUES

General Fund Revenues are utilized primarily to finance the City's general governmental activities. At quarter end, general fund revenues totaled roughly \$13.9 million or 62% of budget. Receipts of Property Tax came in at about \$7.4 million, or 61% of budget. Intergovernmental Revenues, which includes sales tax revenue, were roughly 4.1 million, or 69%, of budget. The recording of these revenue sources comply with GASB 33 which addresses the timing of recognition of non-exchange transactions, e.g. taxes and fines. Revenues from non-exchange transactions, such as property and sales tax, received in the first two months of this fiscal year were accrued in the prior fiscal year. Franchise Tax from utility companies and Transient Occupancy Tax came in at roughly \$1 million or 51% of budget. These receipts lag at least a quarter and no accrual was made at quarter end. Revenues from Licenses & Permits, \$770,514, and Charges for Services, \$501,238, came in at 76% and 46% of budget, respectively, are largely dependent upon development activities, as well as Community Center programs and services. Fines and Forfeitures, which includes parking and vehicle fines, ended the quarter at 66% of budget, at \$114,681.

SPECIAL REVENUES AND GRANTS

Many of the Special Revenue funding sources are tied in with the City's Capital Improvement Plan. The receipts of funding sources for certain capital projects typically lag behind the spending on the projects, as the claims are applied for during construction or after project-completion. At the end of the second quarter, special revenues receipts totaled \$5,754,332 or 84% of budget, which is predominantly from the receipt of the first tranche of \$3,732,689 in ARPA funds.

OTHER FUNDING SOURCES

The City reported interest income of \$24,142, or 24% of budget, for the nine months of the fiscal year.

Funding Uses

The City's total funding uses consist of the City's Operating Expenditures, outlay for Capital Improvement projects, debt charges and expenditures for grant related programs. At the end of the second quarter, total funding uses were approximately \$21 million, which was 74% of budget.

OPERATING EXPENDITURES

At the end of the third quarter, operating expenditures totaled roughly \$15.4 million, which represents 70% of the total operating budget. While total operating expenditures came in below 75% of budget, the spending level for Non-Departmental came in much higher, at 88% of its budget, due to annual insurance premiums paid in full at the onset of the fiscal year, as well as annual IT related maintenance contracts.

CAPITAL IMPROVEMENT PLAN (CIP)

The purpose of the Capital Improvement Plan is to systematically plan, schedule, and finance capital projects as approved and prioritized by the City Council. CIP expenditures totaled \$3,237,214, or 81% of budget, at the end of the third quarter.

The following table lists the YTD expenditures for capital projects by type as of March 31, 2022.

Capital Improvement Program	
For the 9 Months Ended, March 31, 2022	
Streets, Signals & Lighting	\$ 2,687,018
Flood Control & Water Quality	172,012
Parks	24,276
Public Facilities	353,908
Total	\$ 3,237,214

OTHER FUNDING USES

As of the end of the third quarter, payments for debt service totaled \$1,779,922. Additionally, \$2,236 was spent on the senior mobility program, primarily funded by OCTA M2 SMP funds; \$8,935 in beverage recycling; \$384,289 in processing the VALH development project; and \$106,283 of forfeited C&D deposits toward the City's recycling program.

**CITY OF LAGUNA HILLS
COMPARATIVE STATEMENT OF OPERATION - GOVERNMENTAL FUNDS
FOR THE 9 MONTHS ENDED, MARCH 31, 2022**

Attachment: Quarterly Financial Report for the Third Quarter of Fiscal Year 2021-2022 (2844 : Third Quarter Financial & Treasurer's Report FY

	FY 2021/22			FY 2020/21		
	Y-T-D ACTUAL	AMENDED BUDGET	YTD % of BUDGET	Y-T-D ACTUAL	AMENDED BUDGET	YTD % of BUDGET
FUNDING SOURCES						
General Fund Revenues						
Property Tax	\$ 7,390,174	\$ 12,042,115	61%	\$ 7,163,920	\$ 11,704,415	61%
Intergovernmental Revenues	4,075,148	5,903,782	69%	3,220,715	6,050,338	53%
Franchise & Transient Occupancy Tax	1,014,036	2,006,325	51%	851,028	2,658,735	32%
Licenses and Permits	770,514	1,018,500	76%	11,484	1,031,000	1%
Charges for Current Services	501,238	1,091,015	46%	1,052,435	1,621,225	65%
Fines & Forfeitures	114,681	175,000	66%	93,393	190,000	49%
Interest Income	-	-	-	-	-	-
Total General Fund Revenues	13,865,791	22,236,737	62%	12,392,975	23,255,713	53%
Special Revenue Funds						
Gas Tax - HUTA	423,790	766,768	55%	465,793	700,000	67%
Gas Tax - SB1 RMRA	359,820	605,278	59%	334,983	550,000	61%
Measure M2 Fair Share	496,487	576,042	86%	400,739	628,798	64%
Measure M2 - Competitive	-	200,000	0%	-	-	-
AB 2766 Fund	19,614	40,000	49%	20,131	40,000	50%
Proposition 68	-	200,000	0%	-	200,000	0%
MGP Development-VALH Project	448,212	-	-	761,462	1,125,000	68%
ARPA	3,732,689	3,732,689	100%	-	-	-
CASp	2,376	5,000	48%	2,938	5,000	59%
CARES Act	3,609	-	-	687,553	692,650	99%
Beverage Recycling Fund	-	-	-	-	8,500	0%
CR&R Recycling Fees	2,000	110,000	2%	2,000	2,000	100%
C&D Forfeited Deposits	59,161	100,000	59%	45,906	35,000	131%
Senior Mobility Program	32,146	38,970	82%	25,641	38,091	67%
Grants and Contributions	14,580	305,000	5%	-	-	-
Law Enforcement Grants	159,849	150,000	107%	156,406	140,000	112%
Investment Income	-	-	-	-	-	-
Total Special Revenue Funding	5,754,332	6,829,747	84%	2,903,552	4,165,039	70%
Other Funding Sources						
Interest Income	24,142	100,000	24%	40,586	161,486	25%
Total Other Funding Sources	24,142	100,000	24%	40,586	161,486	25%
TOTAL FUNDING SOURCES	\$ 19,644,264	\$ 29,166,484	67%	\$ 15,337,113	\$ 27,582,238	56%
FUNDING USES						
Operating Expenditures						
General Government	\$ 1,492,697	2,760,288	54%	\$ 1,837,957	\$ 2,721,473	68%
Non-Departmental	1,407,538	1,592,750	88%	1,141,104	1,262,036	90%
Community Development	873,394	1,523,692	57%	926,149	1,639,977	56%
Public Services	3,343,586	4,786,716	70%	2,790,809	4,792,514	58%
Community Services	1,211,183	2,037,088	59%	804,689	2,212,855	36%
Public Safety	7,120,814	9,470,414	75%	6,454,658	8,910,462	72%
Total Operating Expenditures	15,449,212	22,170,948	70%	13,955,366	21,539,317	65%
Capital Improvement Program	3,237,214	4,017,500	81%	818,726	1,047,500	78%
Other Funding Uses						
Debt Charges	1,799,922	1,799,921	100%	1,788,922	1,788,921	100%
Use of Reserves	1,946	50,000	4%	1,333	50,000	3%
Special Revenue Fund Expenditures						
AB2766	-	50,000	0%	-	35,000	0%
CASp	-	5,000	0%	-	5,000	0%
MGP Development -VALH Project	384,289	-	-	517,187	1,125,000	46%
CARES Act	-	-	-	528,058	539,664	98%
Senior Mobility Program	2,236	54,230	4%	1,712	64,904	3%
Beverage Recycling	8,935	19,900	45%	-	8,500	0%
CR&R Recycling Fund	-	117,000	0%	-	2,879	0%
Forfeited C&D Deposits	106,282	130,000	82%	76,192	68,000	112%
Total Other Funding Uses	2,303,610	2,226,051	103%	2,913,403	3,687,868	79%
TOTAL FUNDING USES	\$ 20,990,036	\$ 28,414,499	74%	\$ 17,687,495	\$ 26,274,685	67%
NET CHANGE IN FUND BALANCE	\$ (1,345,772)	\$ 751,985		\$ (2,350,382)	\$ 1,307,553	

CITY OF LAGUNA HILLS
ABRIDGED BALANCE SHEET - GOVERNMENTAL FUNDS (UNAUDITED)
MARCH 31, 2022

ASSETS

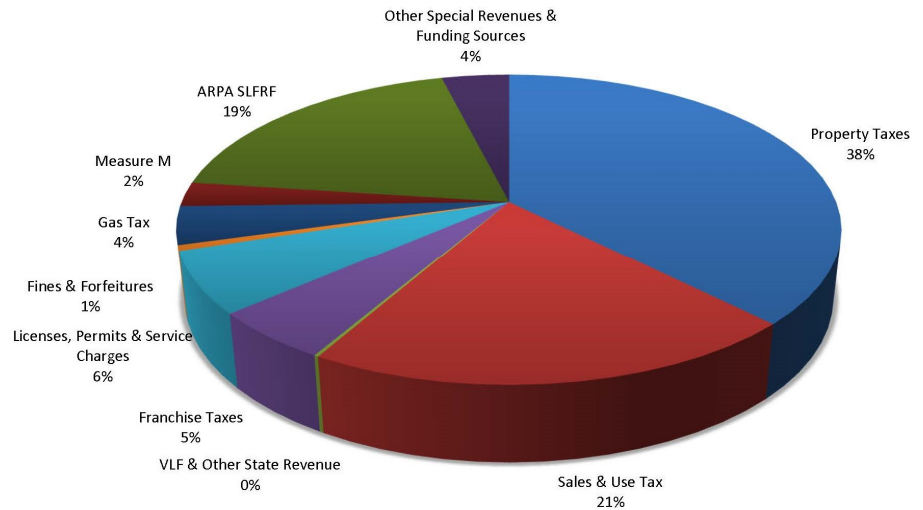
Cash and investments	\$ 13,311,642
Receivables:	
Accounts	451,485
Interest	11,175
Prepaid items	119,260
Total assets	\$ 13,893,561

LIABILITIES AND FUND BALANCES

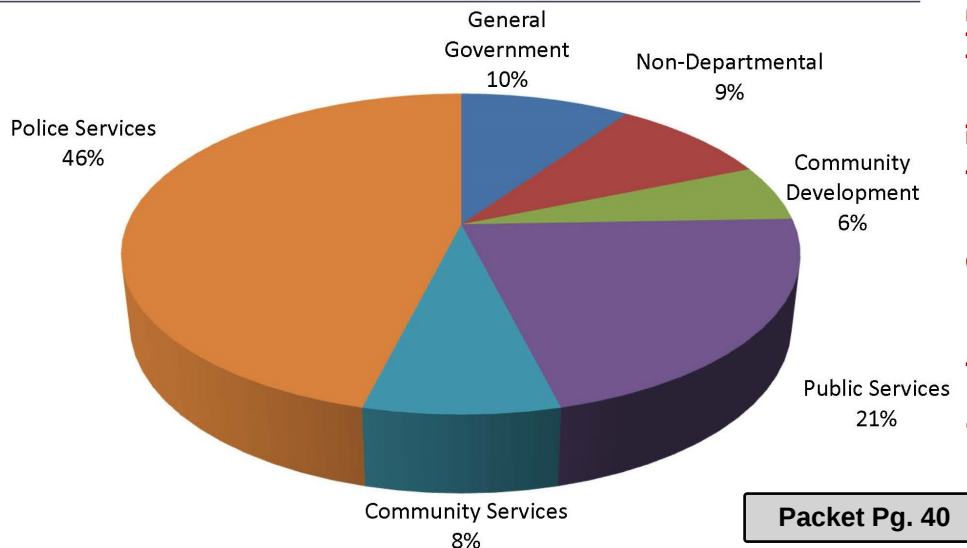
Liabilities:

Accounts payable	\$ 137,490
Payroll and benefits	339
Refundable deposits	491,994
Deferred revenue	68,747
Trust accounts	10,413
Total liabilities	708,983
Fund balances:	13,184,578
Total liabilities and fund balances	\$ 13,893,561

REVENUES
General Fund &
Special Revenue Funds
Fiscal Year 2021/22,
As of 3/31/2022



OPERATING EXPENDITURES
Fiscal Year 2020/21
As of 3/31/22



Below is a snapshot of the City's fund balance as of March 31, 2022. At the end of the third quarter of the current fiscal year, the City's total fund balance for its governmental funds stood at \$xx. Additionally, an abridged balance sheet, which summarizes the City's assets and liabilities, is included on page 4 and reconciles the fund balance at quarter end. City-managed short-term idle funds, as well as debt service funds, are invested in approved securities.

CITY OF LAGUNA HILLS

GOVERNMENTAL FUNDS

STATEMENT OF WORKING FUNDS (UNAUDITED)

AS OF MARCH 31, 2022

Fund Balance

General Fund	\$ 8,826,578
Gas Tax	981,404
AB 2766 Fund	304,848
CARITS	1,272,825
Water Conservation	342,555
Senior Mobility Program	128,302
CASp	21,023
Beverage Recycling	19,430
CR&R Recycling	7,043
C&D Forfeited Deposits	71,151
Public Art Fund	71,973
Grants & Contributions	88,185
Debt Service	1,810,912
Total Beginning Fund Balance, as of July 1, 2021	14,530,350
Net Change in Fund Balance, as of December 31, 2021	(1,345,772)
Total Fund Balance, as of March 31, 2022	\$ 13,184,578

Disposition of Working Funds

Total Cash and Demand Deposits	\$ 1,855,959
Total Investments	11,455,683
Total Cash and Investments	13,311,642
Receivables Net of Liabilities	(127,064)
Total Fund Balance, as of March 31, 2022	\$ 13,184,578

The Quarter End Financial Management Report for the Third Quarter of Fiscal Year 2021-22 is hereby submitted. The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. To the best of our knowledge and belief, the above information is reported in a manner that presents fairly the financial position and results of operation of the Governmental Funds of the City of Laguna Hills as of March 31, 2022.

TREASURER'S INVESTMENT REPORT - ALL FUNDS (CONDENSED)
FOR THE THIRD QUARTER ENDED MARCH 31, 2022

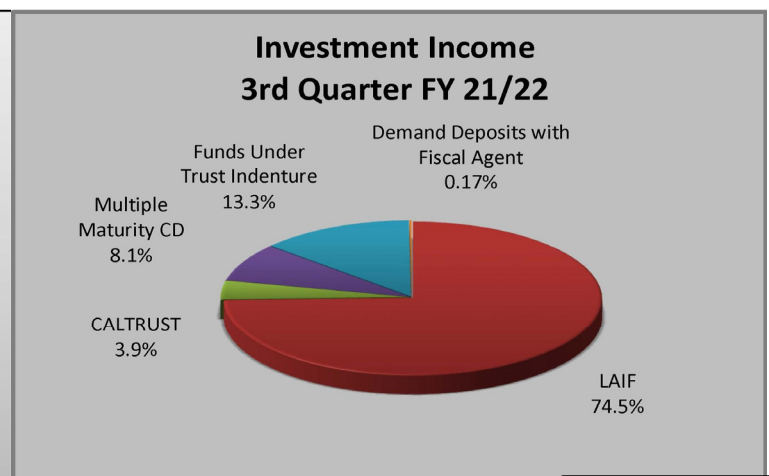
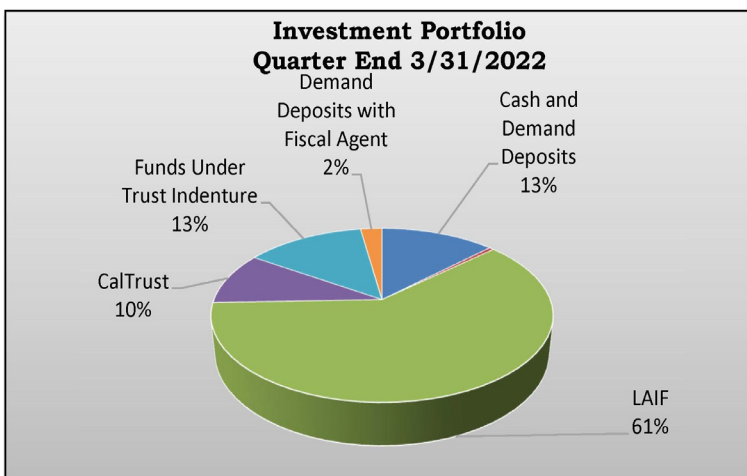
Cash and Investments by Type	Beginning Book Value	Deposits	Withdrawals	Ending Book Value	3rd Quarter Interest Income
Cash on Hand	\$ 2,000	\$ -	\$ -	\$ 2,000	\$ -
Demand Deposits	1,315,151	8,445,979	8,026,985	1,734,144	-
Multiple Maturity Certificates of Deposits	70,502	-	-	70,502	869
State Treasurer's Investment Fund (LAIF)	10,252,006	5,126	2,000,518	8,256,614	8,013
Investment Trust of CA (CalTRUST)	1,324,862	422	2,679	1,322,606	422
Debt Service Funds Under Trust Indenture	1,811,914	1,734,987	1,740,941	1,805,961	1,428
Demand Deposits with Custodial Agent	349,305	358,357	379,983	327,679	19
TOTAL	\$ 15,125,741	\$ 10,544,871	\$ 12,151,106	\$ 13,519,507	\$ 10,750

The City's investment policy approved by Council resolution is the prevailing guideline in managing investments. Short-term excess cash is currently invested primarily in the State Treasurer's Local Agency Investment Fund (LAIF) and the Investment Trust of California (CalTRUST), a Public Joint Powers Authority (JPA). Restricted investments held under trust indenture by The Bank of New York Mellon Trust Company, N.A, is a Reserve Fund, deposited with LAIF, established to secure the timely payment of principal and interest represented by the 2010 Refinancing Project bond issues.

The following is the summary of the cash and investments as of March 31, 2022, compared with the same period of the previous fiscal year:

	March 31, 2022	March 31, 2021
Cash on hand	\$ 2,000	\$ 2,000
Pooled Deposits:		
Demand Deposits	2,061,824	2,364,958
Certificates of Deposits	70,502	70,502
Total Pooled Deposits	2,132,326	2,435,460
Pooled Investments:		
Local Agency Investment Fund	8,256,614	5,236,893
Investment Trust of California	1,322,606	1,325,045
Restricted Cash and Investments:		
Local Agency Investment Fund	1,805,957	1,807,359
Demand Deposits	4	101
Total Cash and Investments	\$ 13,519,507	\$ 10,806,858

We believe the City's portfolio provides sufficient cash flow liquidity to meet the next six months of the City's projected operating expenditures.





City of Laguna Hills

City Council/Planning Agency

Staff Report

DATE: May 10, 2022

TO: Mayor and Council Members

FROM: Melissa Au-Yeung
Deputy City Manager

ISSUE: Proposed Civic Center Office Lease with Carolyn Behrens, an Individual, for 24031 El Toro Road, Suite 330, Laguna Hills, California

RECOMMENDATION: That the City Council approve an office lease with Carolyn Behrens, an individual, for 24031 El Toro Road, Suite 330, Laguna Hills, California, and authorize the City Manager to execute the Lease.

SUMMARY:

Staff has negotiated a five-year lease renewal with Carolyn Behrens, an individual, for 24031 El Toro Road, Suite 330. Carolyn Behrens operates a mortgage brokerage office and has been leasing space in the Civic Center since 2005. The following is a summary of the key lease terms and financial analysis:

Commencement Date: June 1, 2022

Term: Five (5) years

Rentable Square Feet: 800

Upfront Capital: \$3,325

Rate: Year 1 - \$2.25/ sq. ft.
Year 2 - \$2.34/ sq. ft.
Year 3 - \$2.43/ sq. ft.

Civic Center Lease with Carolyn Behrens for Suite 330

May 10, 2022

Page 2

Year 4 - \$2.53/ sq. ft.

Year 5 - \$2.63/ sq. ft.

Total Rent Payments: \$116,993

Net Present Value: \$66,147 (12% Discount Rate)

The final lease has been included as an attachment. The tenant has executed the lease and staff is recommending approval.

FISCAL IMPACT:

The lease includes total rent payments of \$116,993 over the term of the lease and has a positive net present value of \$66,147. A total of \$3,325 in upfront capital is required.

ATTACHMENTS:

- Proposed Lease



STANDARD MULTI-TENANT OFFICE LEASE - GROSS

1. Basic Provisions ("Basic Provisions").

1.1 **Parties.** This Lease ("Lease"), dated for reference purposes only May 10, 2022, 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 Carolyn Behrens, an individual ("Lessee"), (collectively the "Parties", or individually a "Party").

1.2(a) **Premises:** That certain Portion of the Project (as defined below), commonly known as (street address, suite, city, state): 24031 El Toro Road, Suite 330 Laguna Hills, CA 92654 ("Premises"). The Premises are located in the County of Orange, and consist of approximately 800 rentable square feet and approximately 669 useable square feet. 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 51,946 rentable square feet. (See also Paragraph 2)

1.2(b) **Parking:** 4/1000sf 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:** 5 years and 0 months ("Original Term") commencing June 1, 2022 ("Commencement Date") and ending May 31, 2027 ("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 Lessee is already in possession of the premises. ("Early Possession Date"). (See also Paragraphs 3.2 and 3.3)

1.5 **Base Rent:** \$1,800.00 per month ("Base Rent"), payable on the First day of each month commencing June 1, 2022. (See also Paragraph 4)

☒ 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:** one point five four percent (1.54 %) ("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:** \$1,800.00 for the period June 1-30, 2022.

(b) **Security Deposit:** \$2,058.95 On file ("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:** \$1,915.70.

1.8 **Agreed Use:** General Office, Mortgage Services. (See also Paragraph 6)

1.9 **Base Year; Insuring Party.** The Base Year is 2017. 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:** Each Party acknowledges receiving a Disclosure Regarding Real Estate Agency Relationship, confirms and consents to the following agency relationships in this Lease with the following real estate brokers ("Broker(s)") and/or their agents ("Agent(s)"):

Lessor's Brokerage Firm Essex Realty Management, Inc. License No. 00965485 Is the broker of (check one): ☒ the Lessor; or ☒ both the Lessee and Lessor (dual agent).

Lessor's Agent Angela Draper License No. 01972882 Is (check one): ☐ the Lessor's Agent (salesperson or broker associate); or ☒ both the Lessee's Agent and the Lessor's Agent (dual agent).

Lessee's Brokerage Firm License No. Is the broker of (check one): ☐ the Lessee; or ☐ both the Lessee and Lessor (dual agent).

Lessee's Agent License No. Is (check one): ☐ the Lessee's Agent (salesperson or broker associate); or ☐ both the Lessee's Agent and the Lessor's Agent (dual agent).

(b) **Payment to Brokers:** Upon execution and delivery of this Lease by both Parties, Lessor shall pay to the Brokers the brokerage fee agreed to in a separate written agreement ~~(or if there is no such agreement, the sum of or % of the total Base Rent)~~ for the brokerage services rendered by the Brokers.

1.11 **Guarantor.** The obligations of the Lessee under this Lease are to be guaranteed by Carolyn Behrens, personally in her individual capacity ("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 Year's Day, President's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Christmas Day, and N/A.

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

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Page 1 of 18

Packet Pg. 45

Attachment: Proposed Lease (2848 : Civic Center Lease with Carolyn Behrens for Suite 330)

☐ Other (specify): _____

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 **/Exhibit "D"; Requirements for Improvements or Alterations by Lessee;**
- ☐ a janitorial schedule;
- ☒ other (specify): Exhibit "C" Waiver and Release; Exhibit "E" Personal Guaranty .

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. Lessor also warrants, that unless otherwise specified in writing, Lessor is unaware of (i) any recorded Notices of Default affecting the Premise; (ii) any delinquent amounts due under any loan secured by the Premises; and (iii) any bankruptcy proceeding affecting the Premises.

2.3 **Compliance.** Lessor warrants that to the best of its knowledge the improvements on the Premises and the Common Areas comply with the building codes, applicable laws, covenants or restrictions of record, regulations, and ordinances ("Applicable Requirements") that were in effect at the time that each improvement, or portion thereof, was constructed. 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 non-voluntary, 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 changed 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.

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Page 2 of 18

Packet Pg. 46

Attachment: Proposed Lease (2848 : Civic Center Lease with Carolyn Behrens for Suite 330)

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 non-exclusive 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 of the Lease (See 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

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Page 3 of 18

Packet Pg. 47

Attachment: Proposed Lease (2848 : Civic Center Lease with Carolyn Behrens for Suite 330)

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~~ **Lessor** 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 **\$2575** 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

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Page 4 of 18

Packet Pg. 48

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. Lessor shall upon written request provide Lessee with an accounting showing how that portion of the Security Deposit that was not returned was applied. 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. THE SECURITY DEPOSIT SHALL NOT BE USED BY LESSEE IN LIEU OF PAYMENT OF THE LAST MONTH'S RENT.

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 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' and consultants' 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

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OFG-21.20, Revised 01-01-2019

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Page 5 of 18

Packet Pg. 49

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 Applicable 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 authorized by Lessor 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 and/or testing the condition of the Premises and/or 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. Lessee acknowledges that any failure on its part to allow such inspections or testing 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 allow such inspections and/or testing in a timely fashion 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 for the remainder to 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 allow such inspection and/or testing. Such increase in Base Rent shall in no event constitute a waiver of Lessee's Default or Breach with respect to such failure nor prevent the exercise of any of the other rights and remedies granted hereunder.

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.

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, do not trigger the requirement for additional modifications and/or improvements to the Premises resulting from Applicable Requirements, such as compliance with Title 24, and the cumulative cost thereof during this Lease as extended does not exceed \$2000. 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 as-built 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

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Page 6 of 18

Packet Pg. 50

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 and the provisions of Paragraph 7.1(a), if the Lessee occupies the Premises 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 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) to the level specified in Applicable 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. Insurance; Indemnity. (See Addendum Paragraph 3)

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-Managers 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.

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OFG-21.20, Revised 01-01-2019

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Page 7 of 18

Packet Pg. 51

~~(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 increase his liability insurance coverage 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, a Breach of the Lease by Lessee and/or the use and/or occupancy of the Premises and/or Project by Lessee and/or by Lessee's employees, contractors or invitees. 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 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 **Paragraph 8 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

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Last Edited: 5/4/2022 4:05 PM

Page 8 of 18

Packet Pg. 52

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 (subject to reimbursement pursuant to Paragraph 4.2), 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 8.6.~~

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. "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.

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Last Edited: 5/4/2022 4:05 PM

Page 9 of 18

Packet Pg. 53

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. Notwithstanding the provisions of paragraph 11.1, 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. Notwithstanding the provisions of Paragraph 4.2(vi), 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.

11.6 Within fifteen days of Lessor's written request, Lessee agrees to deliver to Lessor such information, documents and/or authorization as Lessor needs in order for Lessor to comply with new or existing Applicable Requirements relating to commercial building energy usage, ratings, and/or the reporting thereof.

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(d), 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, ie. 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 therefor 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:

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OFG-21.20, Revised 01-01-2019

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Last Edited: 5/4/2022 4:05 PM

Page 10 of 18

Packet Pg. 54

(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 Paragraph 8 (See Addendum Paragraph 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. In the event that Lessee commits waste, a nuisance or an illegal activity a second time then, the Lessor may elect to treat such conduct as a non-curable Breach rather than a Default.

(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 safety data 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

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Page 11 of 18

Packet Pg. 55

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, the cost of tenant improvements for Lessee paid for or performed by Lessor, 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 Paragraph 4)

(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 to 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, 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.~~

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OFG-21.20, Revised 01-01-2019

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Last Edited: 5/4/2022 4:05 PM

Page 12 of 18

Packet Pg. 56

Attachment: Proposed Lease (2848 : Civic Center Lease with Carolyn Behrens for Suite 330)

~~Brokers shall be third party beneficiaries of the provisions of Paragraphs 1, 10, 15, 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, agent or finder (other than the Brokers and Agents, if any) in connection with this Lease, and that no one other than said named Brokers and Agents 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 AIR CRE, 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, or by email, 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 delivered by hand, or transmitted by facsimile transmission or by email shall be deemed delivered upon actual receipt. If notice is received on a Saturday, Sunday or legal holiday, it shall be deemed received on the next business day.

23.3 Options. Notwithstanding the foregoing, in order to exercise any Options (see paragraph 39), the Notice must be sent by Certified Mail (return receipt requested), Express Mail (signature required), courier (signature required) or some other methodology that provides a receipt establishing the date the notice was received by the Lessor.

24. Waivers.

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OFG-21.20, Revised 01-01-2019

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Last Edited: 5/4/2022 4:05 PM

Page 13 of 18

Packet Pg. 57

(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 monies 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 licenses, 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 confidential information, including, but not limited to, facts relating to either Lessee's or Lessor's financial position, motivations, bargaining position, or other personal information that may impact rent, including Lessor's willingness to accept a rent less than the listing rent or Lessee's willingness to pay rent greater than the rent 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. Both Lessor and Lessee should strongly consider obtaining tax advice from a competent professional because the federal and state tax consequences of a transaction can be complex and subject to change.

(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. Holdover Base Rent shall be calculated on a monthly basis. 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

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Page 14 of 18

Packet Pg. 58

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. All requests for consent shall be in writing. 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 AIR CRE., **attached hereto as Exhibit "E"**.

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.

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.

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Last Edited: 5/4/2022 4:05 PM

Page 15 of 18

Packet Pg. 59

Attachment: Proposed Lease (2848 : Civic Center Lease with Carolyn Behrens for Suite 330)

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 non-monetary 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

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Page 16 of 18

Packet Pg. 60

Attachment: Proposed Lease (2848 : Civic Center Lease with Carolyn Behrens for Suite 330)

attached to this Lease.

49. Accessibility; Americans with Disabilities Act.

(a) The Premises:

☒ have not undergone an inspection by a Certified Access Specialist (CASp). Note: A Certified Access Specialist (CASp) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises.

☐ 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. Lessee acknowledges that it received a copy of the inspection report at least 48 hours prior to executing this Lease and agrees to keep such report confidential.

☐ 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. Lessee acknowledges that it received a copy of the inspection report at least 48 hours prior to executing this Lease and agrees to keep such report confidential except as necessary to complete repairs and corrections of violations of construction related accessibility standards.

In the event that the Premises have been issued an inspection report by a CASp the Lessor shall provide a copy of the disability access inspection certificate to Lessee within 7 days of the execution of this Lease.

(b) Since compliance with the Americans with Disabilities Act (ADA) and other state and local accessibility statutes are 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 compliance with ADA or other accessibility statutes, Lessee agrees to make any such necessary modifications and/or additions at Lessee's expense.

50. Tenant Improvement Allowance. Lessor shall provide annual carpet cleaning at Lessor's sole 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.

ATTENTION: NO REPRESENTATION OR RECOMMENDATION IS MADE BY AIR CRE 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, Laguna Hills, CA 92654

On: _____

By LESSOR:

The City of Laguna Hills, a municipal corporation organized and existing under the laws of the State of California

By: _____

Name Printed: Kenneth H. Rosenfield

Title: Interim City Manager

Phone: _____

Fax: _____

Email: _____

By: _____

Name Printed: _____

Title: _____

Phone: _____

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OFG-21.20, Revised 01-01-2019

Executed at: _____

On: _____

By LESSEE:

Carolyn Behrens, an individual

By: _____

Name Printed: Carolyn Behrens

Title: _____

Phone: _____

Fax: _____

Email: _____

By: _____

Name Printed: _____

Title: _____

Phone: _____

Fax: _____

Email: _____

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Page 17 of 18

Packet Pg. 61

Attachment: Proposed Lease (2848 : Civic Center Lease with Carolyn Behrens for Suite 330)

Fax: _____

Email: _____

Address: _____

Federal ID No.: _____

Address: _____

Federal ID No.: _____

BROKEREssex Realty Management, Inc.Attn: Angela DraperTitle: Marketing/Leasing AssociateAddress: 17744 Sky Park Circle, Suite 100, Irvine CA 92614Phone: 949-798-8100

Fax: _____

Email: adraper@essexrealty.com

Federal ID No.: _____

Broker/AGENT DRE License #: 00965485**BROKER**

Attn: _____

Title: _____

Address: _____

Phone: _____

Fax: _____

Email: _____

Federal ID No.: _____

Broker/AGENT DRE License #: _____

AIR CRE. 500 North Brand Blvd, Suite 900, Glendale, CA 91203, Tel 213-687-8777, Email contracts@aircre.com

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Page 18 of 18

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 May 10, 2022, between **The City of Laguna Hills, a municipal corporation organized and existing under the laws of the State of California** (“Lessor”), and **Carolyn Behrens, an individual** (“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 Increase. Paragraph 4.4. is hereby added to the Lease to read as follows:

4.4.1 The monthly Base Rent payable as set forth Paragraph 1.5 and as set forth in Paragraph 1.7 (a) of the Lease shall be adjusted annually on the Commencement Date of the Lease, and on such other dates stated, to the amounts set forth below:

06/01/22-05/31/23	\$1,800.00	\$2.25 PSF
06/01/23-05/31/24	\$1,872.00	\$2.34 PSF
06/01/24-05/31/25	\$1,946.88	\$2.43 PSF
06/01/25-05/31/26	\$2,024.76	\$2.53 PSF
06/01/26-05/31/27	\$2,105.75	\$2.63 PSF

2. Use. Paragraph 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. Paragraph 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 Compliance with Insurance Requirements. Lessee shall obtain, maintain, and keep in full force and effect during the term of this Lease, at its sole cost and expense, and in a form and content satisfactory to Lessor, all insurance required under this Paragraph 8 against claims for injuries to persons or damages to property which may arise from or in connection with Lessee’s operation and use of the Premises and the activities of the Lessee, its guests, agents, representatives, employees, or subcontractors. Lessee shall not take possession of the Premises unless and until it has provided evidence satisfactory to Lessor that it has secured all insurance required by this Paragraph 8.

8.3 Types of Insurance Required of Lessee. Without limiting the indemnity provisions set forth in this Lease, Lessee shall obtain and maintain in full force and effect during the term of this Lease, including any extension thereof, the following policies of insurance:

(a) Commercial General Liability Insurance. A policy of Commercial General Liability insurance written on an occurrence basis, including products and completed operations, property damage, bodily injury and personal and advertising injury with limits of at least Two Million Dollars (\$2,000,000) per occurrence. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this Premises/location, or the general aggregate limit shall be twice the required occurrence limit. Defense costs shall be paid in addition to the limits. The policy shall contain no endorsements or provisions limiting coverage for: (1) contractual liability; (2) cross liability exclusion for claims or suits by one insured against another; or (3) contain any other exclusion contrary to this Lease.

(b) Automobile Liability Insurance. A policy of Automobile Liability Insurance written on a per occurrence basis with limits of at least One Million Dollars (\$1,000,000) combined limit for each occurrence covering bodily injury and property damage. The policy shall specifically include coverage for owned, non-owned, leased, and hired automobiles.

(c) Workers’ Compensation and Employer’s Liability Insurance. A policy of Workers’ Compensation Insurance in at least the minimum statutory amounts, and in compliance with all other statutory requirements, as required by the State of California. Lessee agrees to waive and obtain endorsements from its workers’ compensation insurer waiving all subrogation rights under its workers’ compensation insurance policy against Lessor, its officials, officers, employees, agents and volunteers. Lessee shall obtain and maintain, in full force and effect throughout the term of this Lease, a policy of Employer’s Liability Insurance written on a per occurrence basis with limits of at least One Million Dollars (\$1,000,000) per accident for bodily injury or disease.

(d) Property Insurance. A policy of Property Insurance against all risk of loss to any tenant improvements or betterments, at full replacement cost with no coinsurance penalty provision.

(e) Equipment Breakdown/ Boiler & Machinery Insurance. A policy of Equipment Breakdown / Boiler & Machinery Insurance with limits of not less than actual replacement costs for all property and improvements, encompassing explosion and breakdown. Lessee shall obtain and deliver to Lessor, along with copies of all policies of insurance required herein, a joint loss endorsement for the Property Insurance and Equipment Breakdown /Boiler & Machinery Insurance policies. Lessor is to be included as an additional insured on the Equipment Breakdown /Boiler & Machinery Insurance coverage.

(f) 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.

8.4 General.

(a) Acceptability of Insurers. Insurance required by this Paragraph 8 shall be issued by a licensed company authorized to transact business in the state by the Department of Insurance for the State of California with a current rating of A-:VII or better (if an admitted carrier), or a current rating of A:X or better (if offered by a non-admitted insurer listed on the State of California List of Approved Surplus Line Insurers (LASLI), by the latest edition of A.M. Best's Key Rating Guide, except that Lessor will accept workers' compensation insurance from the State Compensation Fund. In the event Lessor determines that Lessee's use of the Premises creates an increased or decreased risk of loss to Lessor, Lessee agrees that the minimum limits of the insurance policies may be changed accordingly upon receipt of written notice from Lessor. Lessee shall immediately substitute any insurer whose A.M. Best rating drops below the levels specified herein.

(b) Insurance Endorsements. Required insurance policies shall not be in compliance if they include any limiting provision or endorsement that has not been submitted to Lessor for written approval. Required insurance policies shall contain the following provisions, or Lessee shall provide endorsements on forms approved by Lessor to add the following provisions to the insurance policies:

(i) Additional Insured. Lessee's policy or policies of Commercial General Liability Insurance and Automobile Liability Insurance shall be endorsed to include Lessor, its officials, officers, employees, agents and volunteers, Lessor's lender, and any property management company of Lessor for the Premises. The additional insured endorsement shall not (1) be restricted to "ongoing operations", (2) exclude "contractual liability", (3) restrict coverage to "sole" liability of Lessee, or (4) contain any other exclusions contrary to this Lease; and, the coverage shall contain no special limitations on the scope of protection afforded to additional insureds.

(ii) Notice. Each insurance policy required by this Paragraph 8, except for workers' compensation and employer's liability insurance, shall be endorsed to state that coverage shall not be suspended, voided, cancelled, or modified, or reduced in coverage or in limits, except after thirty (30) days prior written notice by First Class U.S. Mail, postage-prepaid, has been provided to Lessor. Notwithstanding the foregoing, if coverage is to be suspended, voided, or cancelled because of Lessee's failure to pay the insurance premium, the notice provided to Lessor shall be by ten (10) days prior written notice.

(iii) Primary and Non-Contributing Insurance. All policies of insurance maintained by Lessee pursuant to this Paragraph 8, except for workers' compensation and employer's liability insurance, shall be primary and any other insurance, deductible, or self-insurance

maintained by Lessor, its officials, officers, employees, agents or volunteers, shall not contribute with this primary insurance. Policies shall contain or be endorsed to contain such provisions.

(iv) Waiver of Subrogation. All policies of insurance maintained by Lessee pursuant to this Paragraph 8 shall contain or be endorsed to waive subrogation against Lessor, its officials, officers, employees, agents and volunteers, or shall specifically allow Lessee to waive its right to recovery prior to a loss. Lessee hereby agrees to waive its own right of recovery against Lessor, its officials, officers, employees, agents and volunteers.

(c) Evidence of Coverage. Concurrently with the execution of this Lease, Lessee shall deliver certificates of insurance together with original endorsements affecting each of the insurance policies required by this Paragraph 8. Required insurance policies shall not be in compliance if they include any limiting provision or endorsement that has not been submitted to Lessor for written approval. The certificates of insurance and original endorsements for each insurance policy shall be signed by a person authorized by that insurer to bind coverage on its behalf. At least fifteen (15) days prior to the expiration of any such policy, evidence of insurance showing that such insurance coverage has been renewed or extended shall be filed with Lessor. If such coverage is cancelled or reduced and not replaced immediately so as to avoid a lapse in the required coverage, Lessee shall, within ten (10) days after receipt of written notice of such cancellation or reduction of coverage, file with Lessor evidence of insurance showing that the required insurance has been reinstated or has been provided through another insurance company or companies. Lessee shall promptly furnish, at Lessor's request, copies of actual policies including all declaration pages, endorsements, exclusions and any other policy documents Lessor requires to verify coverage.

(d) Requirements Not Limiting. Requirement of specific coverage or minimum limits contained in this Lease are not intended as a limitation on coverage, limits, or other requirements, or a waiver of any coverage normally provided by any insurance. Nothing contained herein shall be construed as limiting in any way the indemnification provision contained in this Lease, or the extent to which Lessee may be held responsible for payments of damages to persons or property.

(e) Enforcement of Agreement (Non-Estoppel). Lessee acknowledges and agrees that actual or alleged failure on the part of the Lessor to inform Lessee of any non-compliance with any of the insurance requirements set forth herein imposes no additional obligation on the Lessor nor does it waive any rights hereunder.

(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 Paragraph 8.

8.5 Other Insurance Requirements. The following terms and conditions shall apply to the insurance policies required of Lessee pursuant to this Paragraph 8:

(a) Lessee shall provide immediate written notice to Lessor if (1) any of the insurance policies required herein are terminated, cancelled or suspended, (2) the limits of any of the insurance coverages required herein are reduced, or (3) the deductible or self-insured retention is increased.

(b) All insurance coverage and limits provided by Lessee and available or applicable to this Lease are intended to apply to each insured, including additional insureds, against whom a claim is made or suit is brought to the full extent of the policies. Nothing contained in this Lease or any other agreement relating to Lessor or its operations shall limit the application of such insurance coverage.

(c) None of the insurance coverages required herein will be in compliance with the requirements of this Paragraph 8 if they include any limiting endorsement which substantially impairs the coverages set forth herein (e.g., elimination of contractual liability or reduction of discovery period), unless the endorsement has first been submitted to Lessor and approved in writing.

(d) Certificates of insurance will not be accepted in lieu of required endorsements, and submittal of certificates without required endorsements may delay Lessee's occupancy of the Premises. It is Lessee's obligation to ensure timely compliance with all insurance submittal requirements as provided herein.

(e) Lessee agrees to ensure that its subconsultants and subcontractors, if any, and any other parties involved with the Project who are brought onto or involved in the Project by Lessee, provide the same minimum insurance coverage required of Lessee. Lessee agrees to monitor and review all such coverage and assumes all responsibility for ensuring that such coverage is provided in conformity with the requirements of this Paragraph 8. Lessee agrees that upon request, all agreements with subconsultants, subcontractors and others engaged in the Project will be submitted to Lessor for review."

4. Breach by Lessor; Performance by Lessee on Behalf of Lessor. Paragraph 13.6(c) is hereby added to the Lease to read as follows:

"13.6(c). 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 elected or appointed officers and officials, employees, agents, and volunteers, and Lessee shall have no right to seek recourse against Lessor's elected or appointed officers and officials, employees, agents, and volunteers, 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. Estoppel Certificates. All references in the Lease to "Estoppel Certificate", including, but not limited to the definition in Paragraph 16(a), shall refer to Lessor's standard form certificate.

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

7. HVAC Operating Hours. Standard operating hours included within the Base Year Operating Expenses shall be weekdays from 7:00 a.m. to 6:00 p.m. and Saturdays from 8:00 a.m. to 1:00 p.m., excluding Sundays and normally recognized national holidays. Thereafter, Lessee shall pay for such additional use beyond the aforementioned hours at a rate equal to Lessor's actual operating costs and depreciation.

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

“Lessor”

THE CITY OF LAGUNA HILLS

By: _____
Name Printed: Kenneth H. Rosenfield
Its: **Interim City Manager**

By: _____
Name Printed: **Melissa Au-Yeung**
Its: **City Clerk**

“Lessee”

Carolyn Behrens, an individual

By: _____
Name Printed: Carolyn Behrens

Attachment: Proposed Lease (2848 : Civic Center Lease with Carolyn Behrens for Suite 330)

EXHIBIT "A"

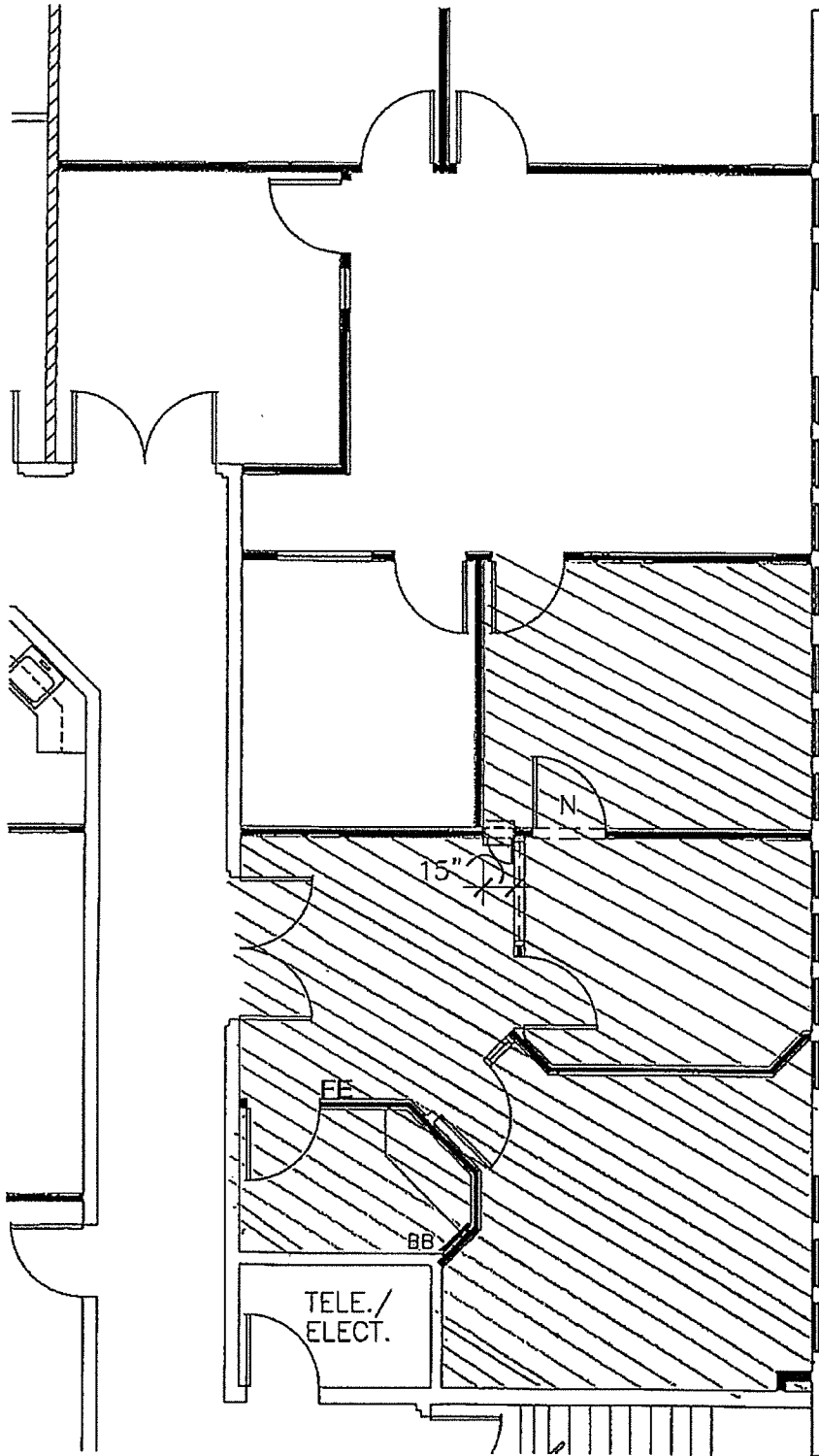


EXHIBIT B

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 of 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: _____

Date: _____

Lessor's Initials: _____ 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.



Exhibit "E"

GUARANTY OF LEASE

WHEREAS, The City of Laguna Hills, a municipal corporation organized and existing under the laws of the State of California, hereinafter "Lessor", and Carolyn Behrens, an individual, hereinafter "Lessee", are about to execute a document entitled "Lease" dated May 10, 2022 concerning the premises commonly known as (street address, city, state, zip) 24031 El Toro Road, Suite 330 Laguna Hills, CA 92654 wherein Lessor will lease the premises to Lessee, and

WHEREAS, Carolyn Behrens, hereinafter "Guarantors" have a financial interest in Lessee, and

WHEREAS, Lessor would not execute the Lease if Guarantors did not execute and deliver to Lessor this Guaranty of Lease.

NOW THEREFORE, in consideration of the execution of said Lease by Lessor and as a material inducement to Lessor to execute said Lease, Guarantors hereby jointly, severally, unconditionally and irrevocably guarantee the prompt payment by Lessee of all rents and all other sums payable by Lessee under said Lease and the faithful and prompt performance by Lessee of each and every one of the terms, conditions and covenants of said Lease to be kept and performed by Lessee.

It is specifically agreed by Lessor and Guarantors that: (i) the terms of the foregoing Lease may be modified by agreement between Lessor and Lessee, or by a course of conduct, and (ii) said Lease may be assigned by Lessor or any assignee of Lessor without the consent of or notice to Guarantors and that this Guaranty shall guarantee the performance of said Lease as so modified.

This Guaranty shall not be released, modified or affected by the failure or delay on the part of Lessor to enforce any of the rights or remedies of the Lessor under said Lease.

No notice of default by Lessee under the Lease need be given by Lessor to Guarantors, it being specifically agreed that the guarantee of the undersigned is a continuing guarantee under which Lessor may proceed immediately against Lessee and/or against Guarantors following any breach or default by Lessee or for the enforcement of any rights which Lessor may have as against Lessee under the terms of the Lease or at law or in equity.

Lessor shall have the right to proceed against Guarantors following any breach or default by Lessee under the Lease without first proceeding against Lessee and without previous notice to or demand upon either Lessee or Guarantors.

Guarantors hereby waive (a) notice of acceptance of this Guaranty, (b) demand of payment, presentation and protest, (c) all right to assert or plead any statute of limitations relating to this Guaranty or the Lease, (d) any right to require the Lessor to proceed against the Lessee or any other Guarantor or any other person or entity liable to Lessor, (e) any right to require Lessor to apply to any default any security deposit or other security it may hold under the Lease, (f) any right to require Lessor to proceed under any other remedy Lessor may have before proceeding against Guarantors, (g) any right of subrogation that Guarantors may have against Lessee.

Guarantors do hereby subordinate all existing or future indebtedness of Lessee to Guarantors to the obligations owed to Lessor under the Lease and this Guaranty.

If a Guarantor is married, such Guarantor expressly agrees that recourse may be had against his or her separate property for all of the obligations hereunder.

The obligations of Lessee under the Lease to execute and deliver estoppel statements and financial statements, as therein provided, shall be deemed to also require the Guarantors to provide estoppel statements and financial statements to Lessor. The failure of the Guarantors to provide the same to Lessor shall constitute a default under the Lease.

The term "Lessor" refers to and means the Lessor named in the Lease and also Lessor's successors and assigns. So long as Lessor's interest in the Lease, the leased premises or the rents, issues and profits therefrom, are subject to any mortgage or deed of trust or assignment for security, no acquisition by Guarantors of the Lessor's interest shall affect the continuing obligation of Guarantors under this Guaranty which shall nevertheless continue in full force and effect for the benefit of the mortgagee, beneficiary, trustee or assignee under such mortgage, deed of trust or assignment and their successors and assigns.

The term "Lessee" refers to and means the Lessee named in the Lease and also Lessee's successors and assigns.

Any recovery by Lessor from any other guarantor or insurer shall first be credited to the portion of Lessee's indebtedness to Lessor which exceeds the maximum liability of Guarantors under this Guaranty.

No provision of this Guaranty or right of the Lessor can be waived, nor can the Guarantors be released from their obligations except in writing signed by the Lessor.

Any litigation concerning this Guaranty shall be initiated in a state court of competent jurisdiction in the county in which the leased premises are located and the Guarantors consent to the jurisdiction of such court. This Guaranty shall be governed by the laws of the State in which the leased premises are located and for the purposes of any rules regarding conflicts of law the parties shall be treated as if they were all residents or domiciles of such State.

In the event any action be brought by said Lessor against Guarantors hereunder to enforce the obligation of Guarantors hereunder, the unsuccessful party in such action shall pay to the prevailing party therein a reasonable attorney's fee. The attorney's fee award shall not be computed in accordance with any court fee schedule, but shall be such as to full reimburse all attorneys' fees reasonably incurred.

If any Guarantor is a corporation, partnership, or limited liability company, each individual executing this Guaranty on said entity's behalf represents and warrants that he or she is duly authorized to execute this Guaranty on behalf of such entity. Signatures to this Guaranty accomplished by means of electronic signature or similar technology shall be legal and binding.

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GR-3.22, Revised 10-22-2020

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Page 1 of 2

Packet Pg. 83

Attachment: Proposed Lease (2848 : Civic Center Lease with Carolyn Behrens for Suite 330)

If this Form has been filled in, it has been prepared for submission to your attorney for his approval. No representation or recommendation is made by AIR CRE, the real estate broker or its agents or employees as to the legal sufficiency, legal effect, or tax consequences of this Form or the transaction relating thereto.

GUARANTORS

Carolyn Behrens

Executed At: _____

On: _____

By: _____

Name Printed: Carolyn Behrens

Title: _____

Address: _____

By: _____

Name Printed: _____

Title: _____

Address: _____

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Attachment: Proposed Lease (2848 : Civic Center Lease with Carolyn Behrens for Suite 330)

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GR-3.22, Revised 10-22-2020

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Last Edited: 5/4/2022 4:05 PM

Page 2 of 2



DISCLOSURE REGARDING REAL ESTATE AGENCY RELATIONSHIP

(As required by the Civil Code)

When you enter into a discussion with a real estate agent regarding a real estate transaction, you should from the outset understand what type of agency relationship or representation you wish to have with the agent in the transaction.

SELLER'S AGENT

A Seller's agent under a listing agreement with the Seller acts as the agent for the Seller only. A Seller's agent or a subagent of that agent has the following affirmative obligations:

To the Seller: A fiduciary duty of utmost care, integrity, honesty and loyalty in dealings with the Seller.

To the Buyer and the Seller:

- (a) Diligent exercise of reasonable skill 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 that does not involve the affirmative duties set forth above.

BUYER'S AGENT

A Buyer's agent can, with a Buyer's consent, agree to act as agent for the Buyer only. In these situations, the agent is not the Seller's agent, even if by agreement the agent may receive compensation for services rendered, either in full or in part from the Seller. An agent acting only for a Buyer has the following affirmative obligations:

To the Buyer: A fiduciary duty of utmost care, integrity, honesty and loyalty in dealings with the Buyer.

To the Buyer and the Seller:

- (a) Diligent exercise of reasonable skill 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 that does not involve the affirmative duties set forth above.

AGENT REPRESENTING BOTH SELLER AND BUYER

A real estate agent, either acting directly or through one or more salesperson and broker associates, can legally be the agent of both the Seller and the Buyer in a transaction, but only with the knowledge and consent of both the Seller and the Buyer.

In a dual agency situation, the agent has the following affirmative obligations to both the Seller and the Buyer:

- (a) A fiduciary duty of utmost care, integrity, honesty and loyalty in the dealings with either the Seller or the Buyer.
- (b) Other duties to the Seller and the Buyer as stated above in their respective sections.

In representing both Seller and Buyer, a dual agent may not, without the express permission of the respective party, disclose to the other party confidential information, including, but not limited to, facts relating to either the Buyer's or Seller's financial position, motivations, bargaining position, or other personal information that may impact price, including the Seller's willingness to accept a price less than the listing price or the Buyer's willingness to pay a price greater than the price offered.

SELLER AND BUYER RESPONSIBILITIES

Either the purchase agreement or a separate document will contain a confirmation of which agent is representing you and whether that agent is representing you exclusively in the transaction or acting as a dual agent. Please pay attention to that confirmation to make sure it accurately reflects your understanding of your agent's role. The above duties of the agent in a real estate transaction do not relieve a Seller or Buyer from the responsibility to protect his or her own interests. You should carefully read all agreements to assure that they adequately express your 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. If you are a Buyer, you have the duty to exercise reasonable care to protect yourself, including as to those facts about the property which are known to you or within your diligent attention and observation. Both Sellers and Buyers should strongly consider obtaining tax advice from a competent professional because the federal and state tax consequences of a transaction can be complex and subject to change.

Throughout your real property transaction you may receive more than one disclosure form, depending upon the number of agents assisting in the transaction. The law requires each agent with whom you have more than a casual relationship to present you with this disclosure form. You should read its contents each time it is presented to you, considering the relationship between you and the real estate agent in your specific transaction. **This disclosure form includes the provisions of Sections 2079.13 to 2079.24, inclusive, of the Civil Code set forth on page 2. Read it carefully. I/WE ACKNOWLEDGE RECEIPT OF A COPY OF THIS DISCLOSURE AND THE PORTIONS OF THE CIVIL CODE PRINTED ON THE BACK (OR A SEPARATE PAGE).**

☐ Buyer	☐ Seller	☒ Lessor	☐ Lessee	<u>The City of Laguna Hills</u>	Date: <u> </u>
☐ Buyer	☐ Seller	☐ Lessor	☒ Lessee	<u>Carolyn Behrens</u>	Date: <u> </u>

Agent: Essex Realty Management DRE Lic. #: 00965485
Real Estate Broker (Firm)

By: Angela Draper DRE Lic. #: 01972882 Date:
(Salesperson or Broker-Associate)

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Page 1 of 4

Packet Pg. 85

Attachment: Proposed Lease (2848 : Civic Center Lease with Carolyn Behrens for Suite 330)

THIS FORM HAS BEEN PREPARED BY AIR CRE. NO REPRESENTATION IS MADE AS TO THE LEGAL VALIDITY OR ADEQUACY OF THIS FORM FOR ANY SPECIFIC TRANSACTION. PLEASE SEEK LEGAL COUNSEL AS TO THE APPROPRIATENESS OF THIS FORM.

Attachment: Proposed Lease (2848 : Civic Center Lease with Carolyn Behrens for Suite 330)

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DISCLOSURE REGARDING REAL ESTATE AGENCY RELATIONSHIP
CIVIL CODE SECTIONS 2079.13 THROUGH 2079.24 (2079.16 APPEARS ON THE FRONT)

2079.13. As used in Sections 2079.7 and 2079.14 to 2079.24, inclusive, the following terms have the following meanings:

(a) "Agent" means a person acting under provisions of Title 9 (commencing with Section 2295) in a real property transaction, and includes a person who is licensed as a real estate broker under Chapter 3 (commencing with Section 10130) of Part 1 of Division 4 of the Business and Professions Code, and under whose license a listing is executed or an offer to purchase is obtained. The agent in the real property transaction bears responsibility for that agent's salespersons or broker associates who perform as agents of the agent. When a salesperson or broker associate owes a duty to any principal, or to any buyer or seller who is not a principal, in a real property transaction, that duty is equivalent to the duty owed to that party by the broker for whom the salesperson or broker associate functions. **(b)** "Buyer" means a transferee in a real property transaction, and includes a person who executes an offer to purchase real property from a seller through an agent, or who seeks the services of an agent in more than a casual, transitory, or preliminary manner, with the object of entering into a real property transaction. "Buyer" includes vendee or lessee of real property. **(c)** "Commercial real property" means all real property in the state, except (1) single-family residential real property, (2) dwelling units made subject to Chapter 2 (commencing with Section 1940) of Title 5, (3) a mobilehome, as defined in Section 798.3, (4) vacant land, or (5) a recreational vehicle, as defined in Section 799.29. **(d)** "Dual agent" means an agent acting, either directly or through a salesperson or broker associate, as agent for both the seller and the buyer in a real property transaction. **(e)** "Listing agreement" means a written contract between a seller of real property and an agent, by which the agent has been authorized to sell the real property or to find or obtain a buyer, including rendering other services for which a real estate license is required to the seller pursuant to the terms of the agreement. **(f)** "Seller's agent" means a person who has obtained a listing of real property to act as an agent for compensation. **(g)** "Listing price" is the amount expressed in dollars specified in the listing for which the seller is willing to sell the real property through the seller's agent. **(h)** "Offering price" is the amount expressed in dollars specified in an offer to purchase for which the buyer is willing to buy the real property. **(i)** "Offer to purchase" means a written contract executed by a buyer acting through a buyer's agent that becomes the contract for the sale of the real property upon acceptance by the seller. **(j)** "Real property" means any estate specified by subdivision (1) or (2) of Section 761 in property, and includes (1) single-family residential property, (2) multiunit residential property with more than four dwelling units, (3) commercial real property, (4) vacant land, (5) a ground lease coupled with improvements, or (6) a manufactured home as defined in Section 18007 of the Health and Safety Code, or a mobilehome as defined in Section 18008 of the Health and Safety Code, when offered for sale or sold through an agent pursuant to the authority contained in Section 10131.6 of the Business and Professions Code. **(k)** "Real property transaction" means a transaction for the sale of real property in which an agent is retained by a buyer, seller, or both a buyer and seller to act in that transaction, and includes a listing or an offer to purchase. **(l)** "Sell," "sale," or "sold" refers to a transaction for the transfer of real property from the seller to the buyer and includes exchanges of real property between the seller and buyer, transactions for the creation of a real property sales contract within the meaning of Section 2985, and transactions for the creation of a leasehold exceeding one year's duration. **(m)** "Seller" means the transferor in a real property transaction and includes an owner who lists real property with an agent, whether or not a transfer results, or who receives an offer to purchase real property of which he or she is the owner from an agent on behalf of another. "Seller" includes both a vendor and a lessor of real property. **(n)** "Buyer's agent" means an agent who represents a buyer in a real property transaction.

2079.14. A seller's agent and buyer's agent shall provide the seller and buyer in a real property transaction with a copy of the disclosure form specified in Section 2079.16, and shall obtain a signed acknowledgment of receipt from that seller and buyer, except as provided in Section 2079.15, as follows: **(a)** The seller's agent, if any, shall provide the disclosure form to the seller prior to entering into the listing agreement. **(b)** The buyer's agent shall provide the disclosure form to the buyer as soon as practicable prior to execution of the buyer's offer to purchase. If the offer to purchase is not prepared by the buyer's agent, the buyer's agent shall present the disclosure form to the buyer not later than the next business day after receiving the offer to purchase from the buyer.

2079.15. In any circumstance in which the seller or buyer refuses to sign an acknowledgment of receipt pursuant to Section 2079.14, the agent shall set forth, sign, and date a written declaration of the facts of the refusal.

2079.16 Reproduced on Page 1 of this AD form.

2079.17(a) As soon as practicable, the buyer's agent shall disclose to the buyer and seller whether the agent is acting in the real property transaction as the buyer's agent, or as a dual agent representing both the buyer and the seller. This relationship shall be confirmed in the contract to purchase and sell real property or in a separate writing executed or acknowledged by the seller, the buyer, and the buyer's agent prior to or coincident with execution of that contract by the buyer and the seller, respectively. **(b)** As soon as practicable, the seller's agent shall disclose to the seller whether the seller's agent is acting in the real property transaction as the seller's agent, or as a dual agent representing both the buyer and seller. This relationship shall be confirmed in the contract to purchase and sell real property or in a separate writing executed or acknowledged by the seller and the seller's agent prior to or coincident with the execution of that contract by the seller.

(C) CONFIRMATION: The following agency relationships are confirmed for this transaction.

Seller's Brokerage Firm DO NOT COMPLETE, SAMPLE ONLY License Number _____

Is the broker of (check one): ☐ the seller; or ☐ both the buyer and seller. (dual agent)

Seller's Agent DO NOT COMPLETE, SAMPLE ONLY License Number _____

Is (check one): ☐ the Seller's Agent. (salesperson or broker associate); or ☐ both the Buyer's Agent and the Seller's Agent. (dual agent)

Buyer's Brokerage Firm DO NOT COMPLETE, SAMPLE ONLY License Number _____

Is the broker of (check one): ☐ the buyer; or ☐ both the buyer and seller. (dual agent)

Buyer's Agent DO NOT COMPLETE, SAMPLE ONLY License Number _____

Is (check one): ☐ the Buyer's Agent. (salesperson or broker associate); or ☐ both the Buyer's Agent and the Seller's Agent. (dual agent)

(d) The disclosures and confirmation required by this section shall be in addition to the disclosure required by Section 2079.14. An agent's duty to provide disclosure and confirmation of representation in this section may be performed by a real estate salesperson or broker associate affiliated with that broker.

2079.18 (Repealed pursuant to AB-1289, 2017-18 California Legislative session)

2079.19 The payment of compensation or the obligation to pay compensation to an agent by the seller or buyer is not necessarily determinative of a particular agency relationship between an agent and the seller or buyer. A listing agent and a selling agent may agree to share any compensation or commission paid, or any right to any compensation or commission for which an obligation arises as the result of a real estate transaction, and the terms of any such agreement shall not necessarily be determinative of a particular relationship.

2079.20 Nothing in this article prevents an agent from selecting, as a condition of the agent's employment, a specific form of agency relationship not specifically

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Page 3 of 4

Packet Pg. 87

Attachment: Proposed Lease (2848 : Civic Center Lease with Carolyn Behrens for Suite 330)

prohibited by this article if the requirements of Section 2079.14 and Section 2079.17 are complied with.

2079.21 (a) A dual agent may not, without the express permission of the seller, disclose to the buyer any confidential information obtained from the seller. **(b)** A dual agent may not, without the express permission of the buyer, disclose to the seller any confidential information obtained from the buyer. **(c)** "Confidential information" means facts relating to the client's financial position, motivations, bargaining position, or other personal information that may impact price, such as the seller is willing to accept a price less than the listing price or the buyer is willing to pay a price greater than the price offered. **(d)** This section does not alter in any way the duty or responsibility of a dual agent to any principal with respect to confidential information other than price.

2079.22 Nothing in this article precludes a seller's agent from also being a buyer's agent. If a seller or buyer in a transaction chooses to not be represented by an agent, that does not, of itself, make that agent a dual agent.

2079.23 (a) A contract between the principal and agent may be modified or altered to change the agency relationship at any time before the performance of the act which is the object of the agency with the written consent of the parties to the agency relationship. **(b)** A lender or an auction company retained by a lender to control aspects of a transaction of real property subject to this part, including validating the sales price, shall not require, as a condition of receiving the lender's approval of the transaction, the homeowner or listing agent to defend or indemnify the lender or auction company from any liability alleged to result from the actions of the lender or auction company. Any clause, provision, covenant, or agreement purporting to impose an obligation to defend or indemnify a lender or an auction company in violation of this subdivision is against public policy, void, and unenforceable.

2079.24 Nothing in this article shall be construed to either diminish the duty of disclosure owed buyers and sellers by agents and their associate licensees, subagents, and employees or to relieve agents and their associate licensees, subagents, and employees from liability for their conduct in connection with acts governed by this article or for any breach of a fiduciary duty or a duty of disclosure.

AIR CRE. 500 North Brand Blvd, Suite 900, Glendale, CA 91203, Tel 213-687-8777, Email contracts@aircre.com

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Attachment: Proposed Lease (2848 : Civic Center Lease with Carolyn Behrens for Suite 330)

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Page 4 of 4



City of Laguna Hills

City Council/Planning Agency

Staff Report

DATE: May 10, 2022

TO: Mayor and Council Members

FROM: Melissa Au-Yeung
Deputy City Manager

ISSUE: Civic Center Third Quarter Financial Report for Fiscal Year 2021-2022

RECOMMENDATION: That the City Council receive and file the report.

SUMMARY:

This Civic Center Third Quarter Financial Report for Fiscal Year 2021-2022 is intended to provide the City Council with an overview of the Civic Center leasing operation finances as of March 31, 2022.

The abridged Balance Sheet and Income Statement summary for the Laguna Hills Civic Center leasing operation is in Tables 1 & 2. As of March 31, 2022, the balance sheet shows equity of \$5,816,757.

Table 1: Abridged Balance Sheet
As of March 31, 2021

ASSETS	
Total Current Assets	\$ 278,864
Total Fixed Assets	\$ 5,605,232
TOTAL ASSETS	\$ 5,884,096
LIABILITY & EQUITY	
Total Current Liabilities	\$ 67,339
Total Equity	\$ 5,816,757
TOTAL LIABILITIES & EQUITY	\$ 5,884,096

Civic Center Third Quarter Financial Report for FY 21-22

May 10, 2022

Page 2

**Table 2: Income Statement Summary
For the Period Ended March 31, 2021**

	Actuals	Budgeted	Variance
Total Income	\$ 499,557	\$ 761,875	\$ (262,317)
Total Expenses	\$ 478,699	\$ 463,781	\$ 14,918
NET INCOME/(LOSS)	<u>\$ 20,859</u>	<u>\$ 298,094</u>	

As shown in Table 2, Essex Realty, the management company for the property, reported a net income of \$20,859 for the nine months of leasing activity from July 1, 2021, to March 31, 2022. Total Income Actuals came in at \$499,557, approximately \$262,300 under the budgeted amount, largely due to a delay in reimbursement payment from the County of Orange for tenant improvements related to Suite 160 and unrealized rent for Suite 250 due to the space remaining vacant. After adding back contra rent revenue associated with the City's occupied spaces, the effective net income is \$433,332.

A detailed Balance Sheet, Income Statement, and Check Register for the three months of the quarter have been provided as attachments to this report.

ATTACHMENTS:

- Balance Sheet as of March 31, 2022
- Income Statement for the Period Ending March 31, 2022
- Check Register for January, February, and March 2022

Database: ESSEXREALTY
 ENTITY: 742

Standard Balance Sheet
Essex Realty SaaS DB
CITY OF LAGUNA HILLS

Page: 1
 Date: 4/5/2022
 Time: 7:39 PM

Accrual

Report includes an open period. Entries are not final.

Mar 2022

ASSETS

CURRENT ASSETS

Cash - Operating	55,169.46
Cash - MMA	152,695.40

TOTAL CASH AND CASH EQUIVALENTS	207,864.86
--	-------------------

Accounts Receivable	35,425.39
Prepaid Insurance	35,573.28

NET ACCOUNTS RECEIVABLE	70,998.67
--------------------------------	------------------

TOTAL CURRENT ASSETS	278,863.53
-----------------------------	-------------------

FIXED ASSETS

Land	2,855,425.10
Building	3,344,613.52
Capital Improvements	10,084,493.71
Tenant Improvements	1,404,608.30
Lease Commissions	350,983.34
Accumulated Depreciation	(12,434,891.96)

TOTAL FIXED ASSETS	5,605,232.01
---------------------------	---------------------

TOTAL ASSETS	5,884,095.54
---------------------	---------------------

LIABILITIES & EQUITY

CURRENT LIABILITY

Prepaid Rent & CAM	5,531.05
Accounts Payable	5,747.85
Accrued Expenses	15,780.00
Security Deposits	40,279.92

TOTAL CURRENT LIABILITY	67,338.82
--------------------------------	------------------

LONG TERM LIABILITY

TOTAL LONG TERM LIABILITIES	0.00
------------------------------------	-------------

EQUITY

Current Yr Earnings	20,858.52
Suspense	(427.33)
Distribution	(700,000.00)
Capital	6,064,688.39
Paid by Owner	8,940,638.49
Funds from Owner	1,686,863.71
Retained Earnings	(10,195,865.06)

TOTAL EQUITY	5,816,756.72
---------------------	---------------------

Attachment: Balance Sheet as of March 31, 2022 (2847 : Civic Center Third Quarter Financial Report for FY 21-22)

Database: ESSEXREALTY
 ENTITY: 742

Standard Balance Sheet
Essex Realty SaaS DB
CITY OF LAGUNA HILLS

Page: 2
 Date: 4/5/2022
 Time: 7:39 PM

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Mar 2022

TOTAL LIABILITIES & EQUITY

5,884,095.54

Database: ESSEXREALTY
 ENTITY: 742

Income Statement
Income Statement
Essex Realty SaaS DB
CITY OF LAGUNA HILLS

Page: 1
 Date: 4/5/2022
 Time: 7:39 PM

Accrual

Report includes an open period. Entries are not final.

	Current Period	Year-To-Date
	1 Month	9 Months
Thru:	Mar 2022	Mar 2022

INCOME

RENTAL INCOME

Rent	100,088.25	896,853.21
Deferred- Revenue	431.20	3,880.80
Contra Revenue	(45,830.40)	(412,473.60)
CAM Revenue	7,440.94	66,968.46
Contra CAM	(6,542.98)	(58,886.82)

TOTAL RENTAL INCOME	55,587.01	496,342.05
----------------------------	------------------	-------------------

RECOVERY INCOME

TOTAL RECOVERY INCOME	0.00	0.00
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OTHER INCOME

EV Revenue	235.11	1,944.19
Late Fee Revenue	0.00	1,213.86

TOTAL OTHER INCOME	235.11	3,158.05
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TOTAL INCOME	55,822.12	499,500.10
---------------------	------------------	-------------------

EXPENSES

DIRECT OPERATING EXPENSES

Security-Fire Alarms	104.64	2,417.60
Cleaning Contract-Janitor	4,465.68	39,144.71
Add'l Cleaning-DayPorter	4,092.55	36,055.72
Cleaning Supplies	190.92	5,090.37
Window Cleaning	0.00	2,068.00
Mgmt Fee-Agent	4,180.51	37,865.86
HVAC Contract Services	2,791.39	9,021.51
HVAC Repair/Maint	599.59	8,564.50
Elevator Contract Service	1,731.63	5,194.89
Waterproofing & Roofing	0.00	7,285.00
Fire, Life, Safety	0.00	391.16
Plumbing Repairs/Supplies	227.63	2,946.57
Electrical Repair/Maint	0.00	1,370.88
Doors & Locks	0.00	314.46
Floor & Carpet Rpr/Maint	0.00	7,515.00
Pest Control	75.00	960.00
Misc Repair/Maint	20.11	12,214.39
Onsite Maint Personnel	2,300.00	20,700.00
Electricity-General	7,530.00	89,754.90
Gas	94.81	1,021.75
Water & Sewer	1,402.01	11,399.84
Property Telephone	122.25	1,193.12
Pkg Lot-Lighting	0.00	3,500.20
Pkg Lot-Sweeping	238.00	2,106.00
Landscaping Contract	2,400.00	21,600.00
Landscaping-Interior	329.00	3,246.68
Fountain Maintenance	150.00	5,795.00

Attachment: Income Statement for the Period Ending March 31, 2022 (2847 : Civic Center Third Quarter Financial Report for FY 21-22)

Database: ESSEXREALTY
 ENTITY: 742

Income Statement
Income Statement
Essex Realty SaaS DB
CITY OF LAGUNA HILLS

Page: 2
 Date: 4/5/2022
 Time: 7:39 PM

Accrual

Report includes an open period. Entries are not final.

	Current Period	Year-To-Date
	1 Month	9 Months
Thru:	Mar 2022	Mar 2022
Insurance	10,314.17	92,827.51
Insurance - Earthquake	1,543.59	13,892.33
NON - REIMBURSABLE EXP	23.49	194.05
Real Estate Taxes	4,761.05	9,522.10
TOTAL DIRECT OPERATING EXPENSES	49,688.02	455,174.10
NET OPERATING INCOME	6,134.10	44,326.00
OTHER INCOME & EXPENSES		
Advertising & Promotion	0.00	2,459.00
Admin & Professional Exp.	215.00	3,082.32
Environmental Expense	0.00	224.00
Tenant Space Refurb	381.00	4,755.85
Repairs & Maint- Indirect	323.02	13,003.58
Interest Income	(6.48)	(57.27)
TOTAL OTHER INCOME & EXPENSES	912.54	23,467.48
NET INCOME/(LOSS)	5,221.56	20,858.52

Attachment: Income Statement for the Period Ending March 31, 2022 (2847 : Civic Center Third Quarter Financial Report for FY 21-22)

Database: ESSEXREALTY
ENTITY: 742

Check Register
Essex Realty SaaS DB
CITY OF LAGUNA HILLS

Page: 1
Date: 2/8/2022
Time: 12:36 AM

01/22 Through 01/22

Check #	Check Date	Check Pd	Vendor ID	Vendor Name	Invoice	Due Date	Invoice	Discount	Check
Entity	P.O. Number	Account Number	Account Name	Invoice Number	Date		Amount	Amount	Amount
Dept	Reference	Description							
106067	1/13/2022	01/22	ATTCOR	ATT CORP					
742		5504-0000	Property Telephone	000017486156	12/15/2021	12/15/2021	132.39	0.00	132.39
@	9391060982	11/15/21-12/14/21							
						<i>Check Total:</i>	132.39	0.00	132.39
106068	1/13/2022	01/22	ABLEBU	CROWN BLDG MAINTENANCE CO INC dba					
742		5160-0000	Cleaning Supplies	M1512662-IN	12/31/2021	12/31/2021	756.41	0.00	756.41
@	111	12/31/21 Cleaning Supplies							
742		5160-0000	Cleaning Supplies	M1511822-IN	12/29/2021	12/29/2021	1,596.70	0.00	1,596.70
@	111	12/21 Cleaning Supplies							
742		5130-0000	Cleaning Contract-Janitor	M1510802-IN	12/23/2021	12/23/2021	4,291.17	0.00	4,291.17
@	111	12/21 Janitorial Svc							
742		5150-0000	Add'l Cleaning-DayPorter	M1511959-IN	12/31/2021	12/31/2021	284.15	0.00	284.15
@	111	12/21 Janitorial Bonus							
						<i>Check Total:</i>	6,928.43	0.00	6,928.43
106069	1/13/2022	01/22	ADCOSH	ADCO SOUTH ROOFING & WATERPROOFING					
742		5445-0000	Waterproofing & Roofing	4035	12/31/2021	1/30/2022	590.00	0.00	590.00
@	#160 Leak Repair								
						<i>Check Total:</i>	590.00	0.00	590.00
106070	1/13/2022	01/22	AIRCO1	AIR CONTROL SYSTEMS INC					
742		5410-0000	HVAC Contract Services	INV-46947	12/30/2021	1/29/2022	2,758.00	0.00	2,758.00
@	A12407	10/21-12/21 HVAC Svc							
						<i>Check Total:</i>	2,758.00	0.00	2,758.00
106071	1/13/2022	01/22	AMTEC2	PACIFIC COAST ELEVATOR INC dba					
742		5435-0000	Elevator Contract Service	151400596366	11/8/2021	11/8/2021	1,731.63	0.00	1,731.63
@	320358	12/21-02/22 Elevator Svc							
						<i>Check Total:</i>	1,731.63	0.00	1,731.63
106072	1/13/2022	01/22	APPLEL	RUSSELL ANDES DBA.					
742		5475-0000	Doors & Locks	24094	12/30/2021	1/29/2022	61.86	0.00	61.86
@	#203 Duplicate Keys								
742		5475-0000	Doors & Locks	24095	12/30/2021	1/29/2022	67.78	0.00	67.78
@	#260 Duplicate Key								

Attachment: Check Register for January, February, and March 2022 (2847 : Civic Center Third Quarter

Database: ESSEXREALTY
ENTITY: 742

Check Register
Essex Realty SaaS DB
CITY OF LAGUNA HILLS

Page: 2
Date: 2/8/2022
Time: 12:36 AM

01/22 Through 01/22

Check #	Check Date	Check Pd	Vendor ID	Vendor Name	Invoice	Due Date	Invoice	Discount	Check
Entity	P.O. Number	Account Number	Account Name	Invoice Number	Date		Amount	Amount	Amount
Dept	Reference	Description							
Check Total:							129.64	0.00	129.64
106073	1/13/2022	01/22	CANOAR	CANO ARCHITECTURE CONCRETE REPAIR					
742		5491-0000	Misc Repair/Maint	5216	12/20/2021	12/20/2021	4,650.00	0.00	4,650.00
@	Planter Precast Rpr								
742		5565-0000	Fountain Maintenance	5152	12/21/2021	12/21/2021	3,650.00	0.00	3,650.00
@	Fountian Repair								
Check Total:							8,300.00	0.00	8,300.00
106074	1/13/2022	01/22	COMM12	COMMERCIAL CARPET & FLOORING					
742		7330-0000	Tenant Space Refurb	49643	12/27/2021	1/26/2022	1,077.10	0.00	1,077.10
@	Kitchen Floor Replac	ement							
Check Total:							1,077.10	0.00	1,077.10
106075	1/13/2022	01/22	FIRESA	THE BRETHREN INC dba					
742		5491-0000	Misc Repair/Maint	1091482	12/23/2021	1/22/2022	575.00	0.00	575.00
@	ACCT1965	Assessing water leak at Riser Closet							
Check Total:							575.00	0.00	575.00
106076	1/13/2022	01/22	HATTOX	HATTOX DESIGN GROUP LLC					
742		7320-0000	Admin & Professional Exp.	2112102	12/16/2021	1/15/2022	1,327.50	0.00	1,327.50
@	Design Fees	Clerk Recorder							
Check Total:							1,327.50	0.00	1,327.50
106077	1/13/2022	01/22	LIVIN1	DONALD GILBERT dba					
742		5562-0000	Landscaping-Interior	T85600	12/20/2021	1/19/2022	329.00	0.00	329.00
@	01/22 Int Plant Svc								
742		5562-0000	Landscaping-Interior	T85659	1/6/2022	2/5/2022	98.91	0.00	98.91
@	Bromeliad Replacemnt								
Check Total:							427.91	0.00	427.91
106078	1/13/2022	01/22	MERCH1	MERCHANTS BUILDING MAINTENANCE LLC					
742		5150-0000	Add'l Cleaning-DayPorter	654575	1/1/2022	1/1/2022	4,192.55	0.00	4,192.55
@	33013	01/22 Dayporter Svc							

Attachment: Check Register for January, February, and March 2022 (2847 : Civic Center Third Quarter

Database: ESSEXREALTY
ENTITY: 742

Check Register
Essex Realty SaaS DB
CITY OF LAGUNA HILLS

Page: 3
Date: 2/8/2022
Time: 12:36 AM

01/22 Through 01/22

Check #	Check Date	Check Pd	Vendor ID	Vendor Name	Invoice	Due Date	Invoice	Discount	Check
Entity	P.O. Number	Account Number	Account Name	Invoice Number	Date		Amount	Amount	Amount
Dept	Reference	Description							
<i>Check Total:</i>							4,192.55	0.00	4,192.55
106079	1/13/2022	01/22	NGRAAF	NICHOLAS DE GRAAF					
742		5491-0000	Misc Repair/Maint	104101	1/11/2022	2/10/2022	485.00	0.00	485.00
@	Installing rope US	Flagpole							
<i>Check Total:</i>							485.00	0.00	485.00
106080	1/13/2022	01/22	NIEVES	NIEVES LANDSCAPE INC					
742		5560-0000	Landscaping Contract	71214	1/1/2022	1/31/2022	2,400.00	0.00	2,400.00
@	01/22 Landscape Svc								
<i>Check Total:</i>							2,400.00	0.00	2,400.00
106081	1/13/2022	01/22	PARAG1	SAN DIEGO SERVICES LLC dba					
742		5460-0000	Plumbing Repairs/Supplies	177783	12/31/2021	1/30/2022	350.57	0.00	350.57
@	Plumbing Supplies								
<i>Check Total:</i>							350.57	0.00	350.57
106082	1/13/2022	01/22	SKYLIN	CTJAMJT CORPORATION dba					
742		5490-0000	Pest Control	216976	1/10/2022	2/9/2022	75.00	0.00	75.00
@	3018	01/22 Pest Control							
<i>Check Total:</i>							75.00	0.00	75.00
106083	1/13/2022	01/22	SOUT39	JEFF ALEXANDER dba					
742		5565-0000	Fountain Maintenance	371-58	1/1/2022	1/31/2022	150.00	0.00	150.00
@	01/22 Fountain Svc								
<i>Check Total:</i>							150.00	0.00	150.00
106084	1/13/2022	01/22	SSDSYS	SECURITY SIGNAL DEVICES INC dba					
742		7333-0000	Repairs & Maint- Indirect	R-00339423	1/1/2022	1/1/2022	323.01	0.00	323.01
@	348817	01/22 Sys Maint							
742		5121-0000	Security-Fire Alarms	R-00339423	1/1/2022	1/1/2022	104.32	0.00	104.32
@	348817	01/22 Sys Maint							
<i>Check Total:</i>							427.33	0.00	427.33
106085	1/13/2022	01/22	TSCMCO	TSCM CORPORATION					

Attachment: Check Register for January, February, and March 2022 (2847 : Civic Center Third Quarter

Database: ESSEXREALTY
ENTITY: 742

Check Register
Essex Realty SaaS DB
CITY OF LAGUNA HILLS

Page: 4
Date: 2/8/2022
Time: 12:36 AM

01/22 Through 01/22

Check #	Check Date	Check Pd	Vendor ID	Vendor Name	Invoice	Due Date	Invoice	Discount	Check
Entity	P.O. Number	Account Number	Account Name	Invoice Number	Date		Amount	Amount	Amount
Dept	Reference	Description							
742		5525-0000	Pkg Lot-Sweeping	2222094	1/1/2022	1/31/2022	238.00	0.00	238.00
@	01/22 Sweeping Svc								
						<i>Check Total:</i>	238.00	0.00	238.00
106086	1/13/2022	01/22	ESSEX	ESSEX REALTY MANAGEMENT INC					
742		5305-0000	Mgmt Fee-Agent	742-0122MF	1/1/2022	1/31/2022	4,153.00	0.00	4,153.00
@	01/22 Mgmt Fee								
						<i>Check Total:</i>	4,153.00	0.00	4,153.00
106087	1/20/2022	01/22	COXCOM	COX COMMUNICATIONS					
742		5410-0000	HVAC Contract Services	11901-010522	1/5/2022	1/5/2022	89.39	0.00	89.39
@	0017601048511901	01/05/22-02/04/22 DSL for EMS							
						<i>Check Total:</i>	89.39	0.00	89.39
106088	1/20/2022	01/22	PARAG1	SAN DIEGO SERVICES LLC dba					
742		5495-0000	Onsite Maint Personnel	177837	12/31/2021	1/30/2022	2,300.00	0.00	2,300.00
@	12/21 Bldg Engineer								
						<i>Check Total:</i>	2,300.00	0.00	2,300.00
AD011022	1/10/2022	01/22	ELTORO	EL TORO WATER DISTRICT					
742		5502-0000	Water & Sewer	49540-121521	12/15/2021	12/15/2021	469.14	0.00	469.14
@	169922449540	11/12/21-12/13/21 Mtr 08956098							
742		5502-0000	Water & Sewer	49542-121521	12/15/2021	12/15/2021	82.53	0.00	82.53
@	169922449542	11/12/21-12/13/21 Mtr 00036069							
742		5502-0000	Water & Sewer	49548-121521	12/15/2021	12/15/2021	456.62	0.00	456.62
@	16992 Meter #0818885	11/12/21-12/13/21 57							
						<i>Check Total:</i>	1,008.29	0.00	1,008.29
AD012522	1/25/2022	01/22	THEGAS	THE GAS COMPANY					
742		5500-0000	Gas	71474-010622	1/6/2022	1/6/2022	324.68	0.00	324.68
@	14430971474	12/03/21-01/04/22 Mtr 15905668							
						<i>Check Total:</i>	324.68	0.00	324.68
OL010722	1/7/2022	01/22	SCE	SOUTHERN CALIFORNIA EDISON					
742		5499-0000	Electricity-General	38393-122121	12/21/2021	12/21/2021	3,319.20	0.00	3,319.20
@	700374638393	11/20/21-12/20/21 Mtr 259000-050224							

Database: ESSEXREALTY
 ENTITY: 742

Check Register
 Essex Realty SaaS DB
 CITY OF LAGUNA HILLS

Page: 5
 Date: 2/8/2022
 Time: 12:36 AM

01/22 Through 01/22

Check #	Check Date	Check Pd	Vendor ID	Vendor Name	Invoice	Invoice	Invoice	Discount	Check
Entity	P.O. Number	Account Number	Account Name	Invoice Number	Date	Due Date	Amount	Amount	Amount
Dept	Reference	Description							
742		5499-0000	Electricity-General	76559-122221	12/22/2021	12/22/2021	4,944.34	0.00	4,944.34
@	700162476559	11/22/21-12/21/21 Mtr 259000-050223							
<i>Check Total:</i>							8,263.54	0.00	8,263.54
<i>CITY OF LAGUNA HILLS Total:</i>							48,434.95	0.00	48,434.95
<i>Grand Total:</i>							48,434.95	0.00	48,434.95

Database: ESSEXREALTY
ENTITY: 742

Check Register
Essex Realty SaaS DB
CITY OF LAGUNA HILLS

Page: 1
Date: 3/2/2022
Time: 5:05 PM

02/22 Through 02/22

Check #	Check Date	Check Pd	Vendor ID	Vendor Name	Invoice	Due Date	Invoice	Discount	Check
Entity	P.O. Number	Account Number	Account Name	Invoice Number	Date		Amount	Amount	Amount
Dept	Reference	Description							
106089	2/8/2022	02/22	AT&T	AT&T					
742		5504-0000	Property Telephone	000017629603	1/15/2022	1/15/2022	129.87	0.00	129.87
@	9391060982	12/15/21-01/14/22	BAN 9391060982						
						<i>Check Total:</i>	129.87	0.00	129.87
106090	2/8/2022	02/22	SCE	SOUTHERN CALIFORNIA EDISON					
742		5499-0000	Electricity-General	76559-012422	1/24/2022	1/24/2022	4,807.55	0.00	4,807.55
@	700162476559	12/22/21-01/23/22	Mtr 259000-050223						
						<i>Check Total:</i>	4,807.55	0.00	4,807.55
106091	2/8/2022	02/22	SCE	SOUTHERN CALIFORNIA EDISON					
742		5499-0000	Electricity-General	38393-012222	1/22/2022	1/22/2022	3,345.63	0.00	3,345.63
@	700374638393	12/21/21-01/21/22	Mtr 259000-050224						
						<i>Check Total:</i>	3,345.63	0.00	3,345.63
106092	2/8/2022	02/22	SPLEN1	SPLENDID EVENTS INC					
742		7305-0000	Advertising & Promotion	742-205	12/9/2021	1/8/2022	884.00	0.00	884.00
@	Tenant Appreciation								
						<i>Check Total:</i>	884.00	0.00	884.00
106093	2/14/2022	02/22	ESSEX	ESSEX REALTY MANAGEMENT INC					
742		5305-0000	Mgmt Fee-Agent	742-0222MF	1/2/2022	2/1/2022	4,153.00	0.00	4,153.00
@	02/22 Mgmt Fee								
						<i>Check Total:</i>	4,153.00	0.00	4,153.00
106094	2/14/2022	02/22	ABLEBU	CROWN BLDG MAINTENANCE CO INC dba					
742		5130-0000	Cleaning Contract-Janitor	M1517736-IN	1/31/2022	1/31/2022	4,465.84	0.00	4,465.84
@	111	01/22	Janitorial Svc						
						<i>Check Total:</i>	4,465.84	0.00	4,465.84
106095	2/14/2022	02/22	ADCOSH	ADCO SOUTH ROOFING & WATERPROOFING					
742		5445-0000	Waterproofing & Roofing	3639	11/15/2021	12/15/2021	500.00	0.00	500.00
@	Leak detection test								
						<i>Check Total:</i>	500.00	0.00	500.00

Attachment: Check Register for January, February, and March 2022 (2847 : Civic Center Third Quarter

Database: ESSEXREALTY
ENTITY: 742

Check Register
Essex Realty SaaS DB
CITY OF LAGUNA HILLS

Page: 2
Date: 3/2/2022
Time: 5:05 PM

02/22 Through 02/22

Check #	Check Date	Check Pd	Vendor ID	Vendor Name	Invoice	Due Date	Invoice	Discount	Check
Entity	P.O. Number	Account Number	Account Name	Invoice Number	Date		Amount	Amount	Amount
Dept	Reference	Description							
106096	2/14/2022	02/22	AIRCO1	AIR CONTROL SYSTEMS INC					
742		5415-0000	HVAC Repair/Maint	INV-48708	1/30/2022	3/1/2022	2,049.45	0.00	2,049.45
@	A12407	#100-12 HVAC leak repair							
						<i>Check Total:</i>	<i>2,049.45</i>	<i>0.00</i>	<i>2,049.45</i>
106097	2/14/2022	02/22	BENNE1	BENNETT'S PLUMBING INC					
742		5460-0000	Plumbing Repairs/Supplies	84079	1/27/2022	2/26/2022	941.50	0.00	941.50
@	Fountain Pump Clog	Rpr							
						<i>Check Total:</i>	<i>941.50</i>	<i>0.00</i>	<i>941.50</i>
106098	2/14/2022	02/22	CHRIS9	BAPPTRE LANDSCAPING INC DBA					
742		5510-0000	Pkg Lot-Lighting	INV-001002	11/16/2021	12/16/2021	1,750.20	0.00	1,750.20
@	Holiday Lighting Bal	Pmt							
						<i>Check Total:</i>	<i>1,750.20</i>	<i>0.00</i>	<i>1,750.20</i>
106099	2/14/2022	02/22	COMM12	COMMERCIAL CARPET & FLOORING					
742		7330-0000	Tenant Space Refurb	49705	1/20/2022	2/19/2022	696.50	0.00	696.50
@	#100 Police Storage	Room Floor							
						<i>Check Total:</i>	<i>696.50</i>	<i>0.00</i>	<i>696.50</i>
106100	2/14/2022	02/22	CONTRO	CONTROLLED KEY SYSTEMS INC					
742		4800-0000	Tenant Reimbursements	WO-0020153	2/2/2022	3/4/2022	39.34	0.00	39.34
@	#220 Key Copy								
742		5475-0000	Doors & Locks	WO-0020170	2/2/2022	3/4/2022	184.82	0.00	184.82
@	#200 Rekey to Vacant								
						<i>Check Total:</i>	<i>224.16</i>	<i>0.00</i>	<i>224.16</i>
106101	2/14/2022	02/22	DIXIED	DIXIE DIESEL AND ELECTRIC INC					
742		7333-0000	Repairs & Maint- Indirect	225527	12/30/2021	1/29/2022	1,278.43	0.00	1,278.43
@	Annual Major/Minor	Generator Svc							
742		7333-0000	Repairs & Maint- Indirect	225528	12/30/2021	1/29/2022	975.00	0.00	975.00
@	Generator Load Bank	Test							
						<i>Check Total:</i>	<i>2,253.43</i>	<i>0.00</i>	<i>2,253.43</i>
106102	2/14/2022	02/22	FIRESA	THE BRETHREN INC dba					
742		5121-0000	Security-Fire Alarms	1092049	1/25/2022	2/24/2022	195.00	0.00	195.00

Database: ESSEXREALTY
ENTITY: 742

Check Register
Essex Realty SaaS DB
CITY OF LAGUNA HILLS

Page: 3
Date: 3/2/2022
Time: 5:05 PM

02/22 Through 02/22

Check # Entity Dept	Check Date P.O. Number Reference	Check Pd Account Number Description	Vendor ID Account Name	Vendor Name	Invoice Number	Invoice Date	Due Date	Invoice Amount	Discount Amount	Check Amount
742	@ ACCT1965	5121-0000	01/22-03/22 Fire Sprinkler Inspection	Security-Fire Alarms	1092311	1/27/2022	2/26/2022	240.00	0.00	240.00
742	@ ACCT1965		01/22-03/22 FA Monitoring							
<i>Check Total:</i>								435.00	0.00	435.00
106103	2/14/2022	02/22	LIVIN1	DONALD GILBERT dba						
742		5562-0000	Landscaping-Interior		T85689	1/20/2022	2/19/2022	329.00	0.00	329.00
742	@ 02/22 Int Plant Svc									
742		5562-0000	Landscaping-Interior		T85689	1/20/2022	2/19/2022	31.79	0.00	31.79
742	@ 02/22 New Orchid									
<i>Check Total:</i>								360.79	0.00	360.79
106104	2/14/2022	02/22	MASTE5	MASTERCARE PROTECTION & CLEANING						
742		5485-0000	Floor & Carpet Rpr/Maint		34314	1/27/2022	2/26/2022	900.00	0.00	900.00
742	@ 01/22-03/22 Carpet C	leaning								
<i>Check Total:</i>								900.00	0.00	900.00
106105	2/14/2022	02/22	MERCH1	MERCHANTS BUILDING MAINTENANCE LLC						
742		5150-0000	Add'l Cleaning-DayPorter		657301	2/1/2022	2/1/2022	4,092.55	0.00	4,092.55
742	@ 33013	02/22 Dayporter Svc								
<i>Check Total:</i>								4,092.55	0.00	4,092.55
106106	2/14/2022	02/22	NIEVES	NIEVES LANDSCAPE INC						
742		5560-0000	Landscaping Contract		71402	2/1/2022	3/3/2022	2,400.00	0.00	2,400.00
742	@ 02/22 Landscape Svc									
<i>Check Total:</i>								2,400.00	0.00	2,400.00
106107	2/14/2022	02/22	PARAG1	SAN DIEGO SERVICES LLC dba						
742		5460-0000	Plumbing Repairs/Supplies		178005	1/31/2022	3/2/2022	237.52	0.00	237.52
742	@ Plumbing Supplies									
742		5495-0000	Onsite Maint Personnel		178033	1/31/2022	3/2/2022	2,300.00	0.00	2,300.00
742	@ 01/22 Bldg Engineer									
<i>Check Total:</i>								2,537.52	0.00	2,537.52
106108	2/14/2022	02/22	SOUT39	JEFF ALEXANDER dba						
742		5565-0000	Fountain Maintenance		371-59	2/1/2022	3/3/2022	150.00	0.00	150.00

Packet Pg. 103

Database: ESSEXREALTY
 ENTITY: 742

Check Register
 Essex Realty SaaS DB
 CITY OF LAGUNA HILLS

Page: 5
 Date: 3/2/2022
 Time: 5:05 PM

02/22 Through 02/22

Check #	Check Date	Check Pd	Vendor ID	Vendor Name	Invoice	Invoice	Invoice	Discount	Check
Entity	P.O. Number	Account Number	Account Name	Invoice Number	Date	Due Date	Amount	Amount	Amount
Dept	Reference	Description							
@	16992 Meter #0003606	12/13/21-01/12/22 69							
742		5502-0000	Water & Sewer	49548-011822	1/18/2022	1/18/2022	188.04	0.00	188.04
@	16992 Meter #0818885	12/13/21-01/12/22 57							
<i>Check Total:</i>							688.54	0.00	688.54
AD022422	2/24/2022	02/22	THEGAS	THE GAS COMPANY					
742		5500-0000	Gas	71474-020722	2/7/2022	2/7/2022	176.12	0.00	176.12
@	14430971474	01/04/22-02/03/22 Mtr 15905668							
<i>Check Total:</i>							176.12	0.00	176.12
<i>CITY OF LAGUNA HILLS Total:</i>							43,327.35	0.00	43,327.35
<i>Grand Total:</i>							43,327.35	0.00	43,327.35

Database: ESSEXREALTY
ENTITY: 742

Check Register
Essex Realty SaaS DB
CITY OF LAGUNA HILLS

Page: 1
Date: 4/5/2022
Time: 7:39 PM

03/22 Through 03/22

Check #	Check Date	Check Pd	Vendor ID	Vendor Name	Invoice	Due Date	Invoice	Discount	Check
Entity	P.O. Number	Account Number	Account Name	Invoice Number	Date	Due Date	Amount	Amount	Amount
Dept	Reference	Description							
106114	3/2/2022	03/22	FERGU1	FERGUSON ENTERPRISES INC					
742		5491-0000	Misc Repair/Maint	0772849	11/16/2021	12/16/2021	401.11	0.00	401.11
@	894354	Tankless Water Heater							
						<i>Check Total:</i>	<i>401.11</i>	<i>0.00</i>	<i>401.11</i>
106115	3/14/2022	03/22	ESSEX	ESSEX REALTY MANAGEMENT INC					
742		5305-0000	Mgmt Fee-Agent	742-0222MFR	2/28/2022	2/28/2022	27.51	0.00	27.51
@	02/22 Mgmt Fee Rec								
742		5305-0000	Mgmt Fee-Agent	742-0322MF	3/1/2022	3/1/2022	4,153.00	0.00	4,153.00
@	03/22 Mgmt Fee								
						<i>Check Total:</i>	<i>4,180.51</i>	<i>0.00</i>	<i>4,180.51</i>
106116	3/14/2022	03/22	ABLEBU	CROWN BLDG MAINTENANCE CO INC dba					
742		5130-0000	Cleaning Contract-Janitor	M1520355-IN	2/22/2022	2/22/2022	4,465.84	0.00	4,465.84
@	111	02/22 Janitorial Svc							
742		5160-0000	Cleaning Supplies	M1521362-IN	2/1/2022	2/1/2022	190.92	0.00	190.92
@	111	02/22 Cleaning Supplies							
						<i>Check Total:</i>	<i>4,656.76</i>	<i>0.00</i>	<i>4,656.76</i>
106117	3/14/2022	03/22	ADCOSH	ADCO SOUTH ROOFING & WATERPROOFING					
742		5445-0000	Waterproofing & Roofing	4409	2/16/2022	3/18/2022	2,000.00	0.00	2,000.00
@	Leak Repairs								
						<i>Check Total:</i>	<i>2,000.00</i>	<i>0.00</i>	<i>2,000.00</i>
106118	3/14/2022	03/22	AIRCO1	AIR CONTROL SYSTEMS INC					
742		5415-0000	HVAC Repair/Maint	INV-50368	2/23/2022	3/25/2022	139.00	0.00	139.00
@	A12407	Sheriff Controller Repair							
						<i>Check Total:</i>	<i>139.00</i>	<i>0.00</i>	<i>139.00</i>
106119	3/14/2022	03/22	AMTEC2	PACIFIC COAST ELEVATOR INC dba					
742		5435-0000	Elevator Contract Service	151400700563	2/14/2022	2/14/2022	1,731.63	0.00	1,731.63
@	320358	03/22-05/22 Elevator Svc							
						<i>Check Total:</i>	<i>1,731.63</i>	<i>0.00</i>	<i>1,731.63</i>
106120	3/14/2022	03/22	DLELIG	DLE LIGHTING AND ELECTRIC INC					
742		7330-0000	Tenant Space Refurb	13455	2/15/2022	3/17/2022	1,990.07	0.00	1,990.07

Packet Pg. 106

Database: ESSEXREALTY
ENTITY: 742

Check Register
Essex Realty SaaS DB
CITY OF LAGUNA HILLS

Page: 3
Date: 4/5/2022
Time: 7:39 PM

03/22 Through 03/22

Check #	Check Date	Check Pd	Vendor ID	Vendor Name	Invoice	Due Date	Invoice	Discount	Check
Entity	P.O. Number	Account Number	Account Name	Invoice Number	Date		Amount	Amount	Amount
Dept	Reference	Description							
106127	3/14/2022	03/22	SOUT39	JEFF ALEXANDER dba					
742		5565-0000	Fountain Maintenance	371-61	3/1/2022	3/31/2022	150.00	0.00	150.00
@	03/22 Fountain Svc								
						<i>Check Total:</i>	150.00	0.00	150.00
106128	3/14/2022	03/22	SSDSYS	SECURITY SIGNAL DEVICES INC dba					
742		7333-0000	Repairs & Maint- Indirect	00345227	2/1/2022	2/1/2022	323.01	0.00	323.01
@	348817	02/01/22-02/28/22 02/22 Sys Maint							
742		7333-0000	Repairs & Maint- Indirect	R-00351155	3/1/2022	3/1/2022	323.01	0.00	323.01
@	348817	03/22 Sys Maint							
742		5121-0000	Security-Fire Alarms	00345227	2/1/2022	2/1/2022	104.32	0.00	104.32
@	348817	02/01/22-02/28/22 02/22 Sys Maint							
742		5121-0000	Security-Fire Alarms	R-00351155	3/1/2022	3/1/2022	104.32	0.00	104.32
@	348817	03/22 Sys Maint							
						<i>Check Total:</i>	854.66	0.00	854.66
106129	3/14/2022	03/22	TSCMCO	TSCM CORPORATION					
742		5525-0000	Pkg Lot-Sweeping	3022099	3/1/2022	3/31/2022	238.00	0.00	238.00
@	03/22 Sweeping Svc								
						<i>Check Total:</i>	238.00	0.00	238.00
106130	3/23/2022	03/22	COXCOM	COX COMMUNICATIONS					
742		5410-0000	HVAC Contract Services	11901-030422	3/4/2022	3/4/2022	89.39	0.00	89.39
@	0017601048511901	03/05/22-04/04/22 DSL for EMS							
						<i>Check Total:</i>	89.39	0.00	89.39
106131	3/23/2022	03/22	AIRCO1	AIR CONTROL SYSTEMS INC					
742		5415-0000	HVAC Repair/Maint	INV-51225	3/14/2022	4/13/2022	460.59	0.00	460.59
@	A12407	#100 Refrigerant Repair							
						<i>Check Total:</i>	460.59	0.00	460.59
106132	3/23/2022	03/22	NIEVES	NIEVES LANDSCAPE INC					
742		5560-0000	Landscaping Contract	71595	3/1/2022	3/31/2022	2,400.00	0.00	2,400.00
@	03/22 Landscape Svc								
						<i>Check Total:</i>	2,400.00	0.00	2,400.00

Attachment: Check Register for January, February, and March 2022 (2847 : Civic Center Third Quarter

Database: ESSEXREALTY
ENTITY: 742

Check Register
Essex Realty SaaS DB
CITY OF LAGUNA HILLS

Page: 4
Date: 4/5/2022
Time: 7:39 PM

03/22 Through 03/22

Check #	Check Date	Check Pd	Vendor ID	Vendor Name	Invoice	Due Date	Invoice	Discount	Check
Entity	P.O. Number	Account Number	Account Name	Invoice Number	Date		Amount	Amount	Amount
Dept	Reference	Description							
106133	3/23/2022	03/22	PARAG1	SAN DIEGO SERVICES LLC dba					
742		5495-0000	Onsite Maint Personnel	178293	2/28/2022	3/30/2022	2,300.00	0.00	2,300.00
@	02/22 Bldg Engineer								
						<i>Check Total:</i>	2,300.00	0.00	2,300.00
106134	3/23/2022	03/22	SSDSYS	SECURITY SIGNAL DEVICES INC dba					
742		7333-0000	Repairs & Maint- Indirect	R-00354536	3/15/2022	3/15/2022	323.01	0.00	323.01
@	348817	04/22 Access Control Services							
742		7333-0000	Repairs & Maint- Indirect	R-00345227	2/1/2022	2/1/2022	323.01	0.00	323.01
@	348817	02/22 Access Control Services							
742		5121-0000	Security-Fire Alarms	R-00354536	3/15/2022	3/15/2022	104.32	0.00	104.32
@	348817	04/22 SSD Burglar Alarm Services							
742		5121-0000	Security-Fire Alarms	R-00345227	2/1/2022	2/1/2022	104.32	0.00	104.32
@	348817	02/22 Burglar Alarm Services							
						<i>Check Total:</i>	854.66	0.00	854.66
106135	3/25/2022	03/22	AT&T	AT&T					
742		5504-0000	Property Telephone	000017774215	2/15/2022	3/24/2022	129.93	0.00	129.93
@	9391060982	01/15/22-02/14/22 BAN 9391060982							
						<i>Check Total:</i>	129.93	0.00	129.93
106136	3/25/2022	03/22	AT&T	AT&T					
742		5504-0000	Property Telephone	000017920316	3/15/2022	3/15/2022	130.32	0.00	130.32
@	9391060982	02/15/22-03/14/22 9391060982							
						<i>Check Total:</i>	130.32	0.00	130.32
AD031422	3/14/2022	03/22	ELTORO	EL TORO WATER DISTRICT					
742		5502-0000	Water & Sewer	49540-021522	2/15/2022	2/15/2022	754.23	0.00	754.23
@	169922449540	01/12/22-02/10/22 Mtr 08956098							
742		5502-0000	Water & Sewer	49542-021522	2/15/2022	2/15/2022	82.53	0.00	82.53
@	169922449542	01/12/22-02/10/22 Mtr 00036069							
742		5502-0000	Water & Sewer	49548-021522	2/15/2022	2/15/2022	327.99	0.00	327.99
@	169922449548	01/12/22-02/10/22 Mtr 08188857							
						<i>Check Total:</i>	1,164.75	0.00	1,164.75
AD031622	3/16/2022	03/22	THEGAS	THE GAS COMPANY					
						<i>Hand Check</i>			

Attachment: Check Register for January, February, and March 2022 (2847 : Civic Center Third Quarter

Database: ESSEXREALTY
 ENTITY: 742

Check Register
 Essex Realty SaaS DB
 CITY OF LAGUNA HILLS

Page: 5
 Date: 4/5/2022
 Time: 7:39 PM

03/22 Through 03/22

Check #	Check Date	Check Pd	Vendor ID	Vendor Name	Invoice	Invoice	Invoice	Discount	Check
Entity	P.O. Number	Account Number	Account Name	Invoice Number	Date	Due Date	Amount	Amount	Amount
Dept	Reference	Description							
742		5500-0000	Gas	71474-030922	3/9/2022	3/9/2022	141.81	0.00	141.81
@	14430971474	02/03/22-03/07/22 Mtr 15905668							
<i>Check Total:</i>							<i>141.81</i>	<i>0.00</i>	<i>141.81</i>
OL031522	3/15/2022	03/22	SCE	SOUTHERN CALIFORNIA EDISON	Hand Check				
742		5499-0000	Electricity-General	38393-022222	2/22/2022	2/22/2022	3,432.41	0.00	3,432.41
@	700374638393	01/22/22-02/12/22 Mtr 259000-050224							
742		5499-0000	Electricity-General	76559-022322	2/23/2022	2/23/2022	4,994.59	0.00	4,994.59
@	700162476559	01/24/22-02/22/22 Mtr 259000-050223							
<i>Check Total:</i>							<i>8,427.00</i>	<i>0.00</i>	<i>8,427.00</i>
<i>CITY OF LAGUNA HILLS Total:</i>							<i>37,770.53</i>	<i>0.00</i>	<i>37,770.53</i>
<i>Grand Total:</i>							<i>37,770.53</i>	<i>0.00</i>	<i>37,770.53</i>



City of Laguna Hills

City Council/Planning Agency

Staff Report

DATE: May 10, 2022

TO: Mayor and Council Members

FROM: Amber M. Shah P.E.
Associate Civil Engineer

ISSUE: Progress Payment No. 2, Final, for El Toro Road Eastbound Farside Paseo De Valencia Bus Stop and Shelter Passenger Amenity Improvements, CIP No. 517

RECOMMENDATION: That the City Council approve Progress Payment No. 2, Final, in the net amount of \$3,777.32, to OCLA Construction and Engineering, for El Toro Road Eastbound Farside Paseo de Valencia Bus Stop and Shelter Passenger Amenity Improvements, CIP No. 517, and authorize the filing of the Notice of Completion and subsequent release of retention in 35 days, if no liens have been filed.

SUMMARY:

Work on the El Toro Road Eastbound Farside Paseo de Valencia Bus Stop and Shelter Passenger Amenity Improvements CIP No. 517, began on September 7, 2021, and has been completed by OCLA Construction and Engineering. Work performed in April included relocating existing bus shelter furniture, pressure washing and sealing the concrete sidewalk and shelter pad, and installation of the solar lighting system. The project has been completed and the bus shelter reopened for public use. The contractor has submitted the second and final progress payment request for approval.

BACKGROUND:

A routine monthly action for capital improvement projects is the submission, review, and approval of the contractor's invoice. Procedurally, field staff verifies the contractor's quantities and matches them with the submitted invoice. The unit prices and total costs of the project are confirmed by the office staff and a progress payment is then

Progress Payment No. 2, Final, for El Toro Bus Stop, CIP No. 517

May 10, 2022

Page 2

processed. A five-percent (5%) retention is withheld from each payment to assure final performance of the work. The contractor for this project, OCLA Construction and Engineering, has submitted the second and final progress payment for the subject project as follows:

ITEM #	DESCRIPTION	QUANTITY	UNIT	UNIT PRICE	PERCENT COMPLETE	\$ AMOUNT
EL TORO ROAD BUS SHELTER, CIP NO. 517						
5	Remove and salvage existing bus shelter concrete benches, waste containers and bike racks. Deliver to City yard.	.2	LS	\$1,250.00	100	\$250.00
7	Pressure wash and seal concrete sidewalk and bus shelter pad.	.2	LS	\$1,000.00	100	\$200.00
8	Remove existing bus shelter lighting. Cap electrical connection.	1	LS	\$741.00	100	\$741.00
9	Furnish and install Urban Solar RMS100RAD-93 including all appurtenances for a complete in-place system,	1	LS	\$1,824.60	100	\$1,824.60
15	Apply thermoplastic ADA symbol for ADA space within bus shelter.	1	LS	\$750.00	100	\$750.00

TOTAL TO DATE	\$36,633.16	
LESS PRIOR BILLING	\$32,867.56	
TOTAL THIS PERIOD	\$3,765.60	\$3,765.60
LESS 5% RETENTION		(\$188.28)
DUE		\$3,577.32

FISCAL IMPACT:

The progress payment is within the Capital Improvement Program Budget for El Toro Road Bus Stop Eastbound Farside Paseo de Valencia Bus Stop and Shelter Passenger Amenity Improvements CIP No. 517.

ATTACHMENTS:

- Notice of Completion OCLA Construction and Engineering

Recording Requested by and
When Recorded Mail to:

Melissa Au-Yeung, City Clerk
City of Laguna Hills
24035 El Toro Road
Laguna Hills, CA 92653

No Fee Exempt per GC§27383

By: _____

NOTICE OF COMPLETION

Notice is hereby given that the following public improvements have been completed and accepted by the City Council of the City of Laguna Hills on May 10, 2022.

Description of Improvements

El Toro Road Eastbound Farside Paseo de Valencia Bus Stop and Shelter Passenger Amenity Improvements, CIP No. 517

General Location

El Toro Road Eastbound Farside at Paseo de Valencia Bus Stop and Shelter, Laguna Hills, CA 92653

Owner of Property Address

City of Laguna Hills
24035 El Toro Road
Laguna Hills, CA 92653

Contractor

OCLA Construction & Engineering, Inc.
30562 La Vue
Laguna Niguel, CA 92677

This Notice of Completion is executed under authority of a directive from the City Council of the City of Laguna Hills.

I, Kenneth H. Rosenfield, P.E., declare under penalty of perjury that I am the City Engineer of the City of Laguna Hills, that I am familiar with the facts stated in the foregoing Notice of Completion executed for and on its behalf, and that I have read the foregoing Notice of Completion and know the contents thereof to be true.

Dated: May 10, 2022

Kenneth H. Rosenfield, P.E., Interim City Manager/Director of Public Services
City of Laguna Hills



City of Laguna Hills

City Council/Planning Agency

Staff Report

DATE: May 10, 2022

TO: Mayor and Council Members

FROM: Melissa Au-Yeung
Deputy City Manager

ISSUE: Approval of Resolutions Related to the November 8, 2022, General Municipal Election

RECOMMENDATION: That the City Council adopt the following Resolutions entitled:

- 1) "A Resolution of the City Council of the City of Laguna Hills, California, calling for the holding of a General Municipal Election to be held on Tuesday, November 8, 2022, for the election of certain officers as required by the provisions of the laws of the State of California relating to General Law Cities;" and
 - 2) "A Resolution of the City Council of the City of Laguna Hills, California, requesting the Board of Supervisors of the County of Orange to consolidate a General Municipal Election to be held on November 8, 2022, with the Statewide General Election to be held on the same date pursuant to Section 10403 of the Elections Code;" and
 - 3) "A Resolution of the City Council of the City of Laguna Hills, California, adopting regulations for candidates for elective office pertaining to Candidates' Statements submitted to the voters at an election to be held on Tuesday, November 8, 2022."
-

SUMMARY:

Pursuant to Laguna Hills Municipal Code Section 1-24.010, the City's General Municipal Elections are held in November of even-numbered years, concurrent with the Statewide General Elections. The next General Municipal Election in the City of Laguna Hills will be held on November 8, 2022. Four City Council seats will

Resolutions Related to the Calling of the General Election on November 8, 2022

May 10, 2022

Page 2

be available at that time, three serving a full term of four years and one serving a partial term of two years. In order to move forward with the election, the City Council must adopt the proposed Resolutions calling for the election and requesting consolidation through the Registrar of Voters of the County of Orange. The approved Resolutions must be filed with both the Orange County Board of Supervisors and the Registrar of Voters.

The nomination period for the two City Council seats is July 18, 2022, to August 12, 2022. Pursuant to Section 10225 of the Elections Code, if an eligible incumbent for the office of City Council Member does not file his or her declaration of candidacy by August 12, 2022, there is a five-day extension allowed for any person other than the incumbent to file a declaration of candidacy for such office. If the nomination period for the office of Council Member is extended, the filing period will end August 17, 2022.

Resolution No. 94-07-12-1 provides for a special runoff election for elective offices in the event of a tie vote. That Resolution is in effect until repealed by the City Council. With three full term seats and one partial term seat open for this election, if there is a tie vote for the third full term seat or the partial term seat, a special runoff election will be held.

The City Council must also adopt the proposed Resolution pertaining to regulations for Candidate Statements. Since its incorporation the City of Laguna Hills has, as a matter of course for each election, adopted a Resolution limiting Candidate Statements to a maximum of 200 words. It should be noted that the California Election Code Section 13307 does allow the City Council to increase the limitations on words for the Candidate Statements from 200 to 400. Historically, the City Council has not authorized the word increase in order to keep the cost down for the candidates. The Candidates' Statements are included in the Sample Ballot prepared and distributed by the Orange County Registrar of Voters. It is optional for each candidate to submit a Candidate's Statement; however, it is recommended that any candidate who chooses to submit a Candidate Statement pay for the costs of translating, printing, and mailing of the statement. Upon submission of nomination papers, candidates would be required to submit a deposit to the City for this purpose.

As the City Council is aware, a Notice of Intent to Circulate Petition has been filed with the City Clerk. Once a petition has been submitted and deemed sufficient by the City

Resolutions Related to the Calling of the General Election on November 8, 2022

May 10, 2022

Page 3

Clerk, the City Council will receive a staff report allowing the City Council to direct staff on how to proceed with the petition. At this time the City Council is taking no action to place a measure on the ballot.

Staff recommends that the City Council adopt the three attached Resolutions pertaining to the upcoming General Municipal Election to be held on November 8, 2022.

FISCAL IMPACT:

The City has budgeted \$25,000 for the 2022 General Municipal Election.

ATTACHMENTS:

- Proposed Resolution Calling General Election
- Proposed Resolution Consolidating General Election
- Proposed Resolution Regulating Candidate Statements

RESOLUTION NO. 2022-05-10-X

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, CALLING FOR THE HOLDING OF A GENERAL MUNICIPAL ELECTION TO BE HELD ON TUESDAY, NOVEMBER 8, 2022, FOR THE ELECTION OF CERTAIN OFFICERS AS REQUIRED BY THE PROVISIONS OF THE LAWS OF THE STATE OF CALIFORNIA RELATING TO GENERAL LAW CITIES

WHEREAS, under the provisions of the laws relating to general law cities in the State of California, a General Municipal Election shall be held on Tuesday, November 8, 2022, for the election of Municipal Officers;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, DOES RESOLVE, DECLARE, DETERMINE, AND ORDER AS FOLLOWS:

SECTION 1. That pursuant to the requirements of the laws of the State of California relating to General Law Cities, there is hereby called and ordered to be held in the City of Laguna Hills, California, on Tuesday, November 8, 2022, a General Municipal Election for the purpose of electing three Members of the City Council for the full term of four years and one Member of the City Council for the partial term of two years.

SECTION 2. That the ballots to be used at the election shall be in form and content as required by law.

SECTION 3. That the City Clerk is authorized, instructed, and directed to coordinate with the Orange County Registrar of Voters to procure and furnish any and all official ballots, notices, printed matter and all supplies, equipment, and paraphernalia that may be necessary in order to properly and lawfully conduct the election.

SECTION 4. That the polls (vote centers) for the election shall be open at seven o'clock a.m. of the day of the election and shall remain open continuously from that time until eight o'clock p.m. of the same day when the polls (vote centers) shall be closed, pursuant to Election Code Section 10242, except as provided in Section 14401 of the Elections Code of the State of California.

SECTION 5. That in all particulars not recited in this Resolution, the election shall be held and conducted as provided by law for holding municipal elections.

SECTION 6. That notice of the time and place of holding the election is given and the City Clerk is authorized, instructed, and directed to give further or additional notice of the election, in time, form, and manner as required by law.

SECTION 7. That the City Clerk shall certify to the passage and adoption of this Resolution and enter it into the book of original Resolutions.

SECTION 8. The City Council authorizes the City Clerk to administer said election and all reasonable and actual election expenses shall be paid by the City upon presentation of a properly submitted bill.

PASSED, APPROVED, AND ADOPTED this 10th day of May 2022.

DAVE WHEELER, MAYOR

ATTEST:

MELISSA AU-YEUNG, CITY CLERK

STATE OF CALIFORNIA)
COUNTY OF ORANGE) ss
CITY OF LAGUNA HILLS)

I, Melissa Au-Yeung, City Clerk of the City of Laguna Hills, California, DO HEREBY CERTIFY that the foregoing is a true and correct copy of Resolution No. 2022-05-10-X adopted by the City Council of the City of Laguna Hills, California, at a Regular Meeting thereof held on the 10th day of May 2022, by the following vote:

AYES:

NOES

ABSENT:

ABSTAIN:

(SEAL)

MELISSA AU-YEUNG, CITY CLERK

RESOLUTION NO. 2022-05-10-X

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, REQUESTING THE BOARD OF SUPERVISORS OF THE COUNTY OF ORANGE TO CONSOLIDATE A GENERAL MUNICIPAL ELECTION TO BE HELD ON NOVEMBER 8, 2022, WITH THE STATEWIDE GENERAL ELECTION TO BE HELD ON THE SAME DATE PURSUANT TO SECTION 10403 OF THE ELECTIONS CODE

WHEREAS, the City Council of the City of Laguna Hills called a General Municipal Election to be held on November 8, 2022, for the purpose of the election of three Members of the City Council for the full year term of four years and one Member of the City Council to the partial term of two years; and

WHEREAS, it is desirable that the General Municipal Election be consolidated with the Statewide General Election to be held on the same date and that within the City the precincts, polling places (vote centers), and election officers of the two elections be the same, and that the Orange County Registrar of Voters canvass the returns of the General Municipal Election and that the election be held in all respects as if there were only one election;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, DOES RESOLVE, DECLARE, DETERMINE, AND ORDER AS FOLLOWS:

SECTION 1. That pursuant to the requirements of Section 10403 of the Elections Code, the Board of Supervisors of the County of Orange is hereby requested to consent and agree to the consolidation of a General Municipal Election with the Statewide General Election on Tuesday, November 8, 2022, for the purpose of the election of three Members of the City Council for the full year term of four years and one Member of the City Council to the partial term of two years.

SECTION 2. That the Orange County Registrar of Voters is authorized to canvass the returns of the General Municipal Election. The election shall be held in all respects as if there were only one election, and only one form of ballot shall be used. The election will be held and conducted in accordance with the provisions of law regulating the statewide election.

SECTION 3. That the Board of Supervisors is requested to issue instructions to the Orange County Registrar of Voters to take any and all steps necessary for the holding of the consolidated election.

SECTION 4. That the City of Laguna Hills recognizes that additional costs will be incurred by the County of Orange by reason of this consolidation and agrees to reimburse the County for any costs.

SECTION 5. That the City Clerk is hereby directed to file a certified copy of this Resolution with the Board of Supervisors and the Orange County Registrar of Voters.

SECTION 6. That the City Clerk shall certify to the passage and adoption of this Resolution and enter it into the book of original Resolutions.

PASSED, APPROVED, AND ADOPTED this 10th day of May 2022.

DAVE WHEELER, MAYOR

ATTEST:

MELISSA AU-YEUNG, CITY CLERK

STATE OF CALIFORNIA)
COUNTY OF ORANGE) ss
CITY OF LAGUNA HILLS)

I, Melissa Au-Yeung, City Clerk of the Ci-ty of Laguna Hills, California, DO HEREBY CERTIFY that the foregoing is a true and correct copy of Resolution No. 2022-05-10-X adopted by the City Council of the City of Laguna Hills, California, at a Regular Meeting thereof, held on the 10th day of May 2022, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

(SEAL)

MELISSA AU-YEUNG, CITY CLERK

RESOLUTION NO. 2022-05-10-X

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, ADOPTING REGULATIONS FOR CANDIDATES FOR ELECTIVE OFFICE PERTAINING TO CANDIDATES' STATEMENTS SUBMITTED TO THE VOTERS AT AN ELECTION TO BE HELD ON TUESDAY, NOVEMBER 8, 2022

WHEREAS, Section 13307 of the Elections Code of the State of California provides that the governing body of any local agency adopt regulations pertaining to materials prepared by any candidate for a municipal election, including costs of the candidate's statement;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, DOES HEREBY RESOLVE, DECLARE, DETERMINE, AND ORDER AS FOLLOWS:

SECTION 1. GENERAL PROVISIONS. That pursuant to Section 13307 of the Elections Code of the State of California, each candidate for elective office to be voted for at an Election to be held in the City of Laguna Hills on November 8, 2022, may prepare a candidate's statement on an appropriate form provided by the City Clerk. The statement may include the name, age, and occupation of the candidate and a brief description of no more than 200 words of the candidate's education and qualifications expressed by the candidate himself or herself. The statement shall not include party affiliation of the candidate, nor membership or activity in partisan political organizations. In addition to these restrictions, pursuant to Section 13308, any candidate statement shall be limited to a recitation of the candidate's own personal background and qualifications, and shall not in any way make reference to other candidates for that office or to another candidate's qualifications, character, or activities. The statement shall be filed in typewritten form in the office of the City Clerk at the time the candidate's nomination papers are filed. The statement may be withdrawn, but not changed, during the period for filing nomination papers and until 5:00 p.m. of the next working day after the close of the nomination period.

SECTION 2. FOREIGN LANGUAGE POLICY.

- A. Pursuant to the Federal Voting Rights Act, candidates' statements will be translated into all languages required by the County of Orange. The County is required to translate candidates' statements into the following languages: Spanish, Chinese, Korean, and Farsi.
- B. The County will mail separate voter information guides and candidates' statements in Spanish, Chinese, Korean, and Farsi to only those voters who are on the County voter file as having requested a voter information

guide in a particular language. The County will make the voter information guides and candidates' statements in the required languages available at all polling places, on the County's website, and in the Election Official's office.

SECTION 3. PAYMENT.

A. Translations.

1. The candidate shall be required to pay for the cost of translating the candidate's statement into any required foreign language as specified in (A) and/or (B) of Section 2 above pursuant to Federal and/or State law.
2. The candidate shall be required to pay for the cost of translating the candidate's statement into any foreign language that is not required as specified in (A) and/or (B) of Section 2 above, pursuant to Federal and/or State law, but is requested as an option by the candidate.

B. Printing.

1. The candidate shall be required to pay for the cost of printing the candidate's statement in English in the main voter pamphlet.
2. The candidate shall be required to pay for the cost of printing the candidate's statement in a foreign language required in (A) of Section 2 above, in the main voter pamphlet.
3. The candidate shall be required to pay for the cost of printing the candidate's statement in a foreign language requested by the candidate per (B) of Section 2 above, in the main voter pamphlet.
4. The candidate shall be required to pay for the cost of printing the candidate's statement in a foreign language required by (A) of Section 2 above, in the facsimile voter pamphlet.

The City Clerk shall estimate the total cost of printing, handling, translating, and mailing the candidate's statements filed pursuant to this section, including costs incurred as a result of complying with the Voting Rights Act of 1965 (as amended), and require each candidate filing a statement to pay in advance to the local agency his or her estimated pro rata share as a condition of having his or her statement included in the voter's pamphlet. In the event the estimated payment is required, the estimate is just an approximation of the actual cost that varies from one election to another election and may be significantly more or less than the estimate, depending on the actual number of candidates filing statements. Accordingly, the City Clerk is not bound by the estimate and may, on a pro rata basis, bill the candidate for additional actual expense or refund

any excess paid depending on the final actual cost. In the event of underpayment, the City Clerk may require the candidate to pay the balance of the cost incurred. In the event of overpayment, the City Clerk shall prorate the excess amount among the candidates and refund the excess amount paid within 30 days of the election.

SECTION 4. MISCELLANEOUS

- A. All translations shall be provided by professionally-certified translators.
- B. The City Clerk shall allow capitalization and indentations to the same extent and manner as allowed in previous City elections.
- C. The City Clerk shall comply with all recommendations and standards set forth by the California Secretary of State regarding occupational designations and other matters relating to elections.

SECTION 5. ADDITIONAL MATERIALS. No candidate will be permitted to include additional materials in the voter information guide.

SECTION 6. The City Clerk shall provide each candidate or the candidate's representative a copy of this Resolution at the time nominating petitions are issued.

SECTION 7. All previous Resolutions establishing City Council policy on payment for candidate's statements are repealed.

SECTION 8. This Resolution shall apply only to the election to be held on November 8, 2022, and shall then be repealed.

SECTION 9. The City Clerk shall certify to the passage and adoption of this Resolution and enter it into the book of original Resolutions.

PASSED, APPROVED, AND ADOPTED this 10th day of May 2022.

DAVE WHEELER, MAYOR

ATTEST:

MELISSA AU-YEUNG, CITY CLERK

STATE OF CALIFORNIA)
COUNTY OF ORANGE) ss
CITY OF LAGUNA HILLS)

I, Melissa Au-Yeung, City Clerk of the City of Laguna Hills, California, DO
HEREBY CERTIFY that the foregoing is a true and correct copy of
Resolution No. 2022-05-10-X adopted by the City Council of the City of Laguna Hills,
California, at a Regular Meeting thereof held on the 10th day of May 2022, by the
following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

(SEAL)

MELISSA AU-YEUNG, CITY CLERK



City of Laguna Hills

City Council/Planning Agency

Staff Report

DATE: May 10, 2022

TO: Mayor and Council Members

FROM: Kenneth H. Rosenfield P.E.
Interim City Manager/Director of Public Services

ISSUE: Deed Restriction for the Community Center and Sports Complex
Required to Receive Funding Provided by Proposition 68, CIP No. 237

RECOMMENDATION: That the City Council approve the Deed Restriction to be applied to the Community Center and Sports Complex as is required in order to receive Proposition 68 Grant Funding and authorize the Mayor / Mayor Pro Tempore to execute the Deed Restriction.

SUMMARY:

The City has been awarded, subject to the action described in this report, funds from Proposition 68 for site improvements to the Community Center and Sports Complex, the City's primary recreation facility, CIP No. 237. The "Procedural Guide for the California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access for All Act of 2018, Per Capita Program", (Proposition 68) requires the following action:

Deed Restriction

If the GRANTEE owns the PROJECT land, a Deed Restriction must be recorded on the title to the property before OGALS (Office of Grants and Local Services) will approve any grant payments. The Deed Restriction restricts the title to the property, safeguarding the property for purposes consistent with the Grant, for the duration of the Contract Performance Period.

Accordingly, the attached Deed Restriction, in the form prescribed by the State, has been prepared for City Council approval.

Deed Restriction Required by Proposition 68 Funding

May 10, 2022

Page 2

FISCAL IMPACT:

Failure to execute the Deed Restriction, as is required by the rules for receipt of Proposition 68 Grant Funding, will not allow the City to access nearly \$200,000 in funds set to be utilized for site improvements at the Community Center and Sports Complex recreation facility.

ATTACHMENTS:

- Deed Restriction Prop 68 with Attachments

RECORDING REQUESTED BY:
California Department of Parks and Recreation
Office of Grants and Local Services

WHEN RECORDED MAIL TO:
Office of Grants and Local Services
PO Box 942896
Sacramento, CA 94296-0001
Attn: Melinda Steinert

SPACE ABOVE THIS LINE RESERVED FOR RECORDER'S USE

DEED RESTRICTION

I. WHEREAS, the City of Laguna Hills, a California municipal corporation (hereinafter referred to as "Owner") is the recorded owner of the real property described in Exhibit A, attached and incorporated herein by reference (hereinafter referred to as the "Property"); and

II. WHEREAS, the California Department of Parks and Recreation (hereinafter referred to as "DPR") is a public agency created and existing under the authority of section 5001 of the California Public Resources Code (hereinafter referred to as the "PRC"); and

III. WHEREAS, Owner applied to DPR for grant funds available pursuant to the California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access for All of 2018 Parks Bond Act, 2018 Parks Bond Act Per Capita Program, for a project to renovate the Laguna Hills Community Center Park and Sports Complex by replacing playground equipment, minor amenities and making ADA improvements on the Property; and

IV. WHEREAS, on July 1, 2020, DPR's Office of Grants and Local Services conditionally approved Grant 18-30-035, (hereinafter referred to as "Grant") for a project to renovate the Laguna Hills Community Center Park and Sports Complex by replacing playground equipment, minor amenities and making ADA improvements on the Property, subject to, among other conditions, recordation of this Deed Restriction on the Property; and

Attachment: Deed Restriction Prop 68 with Attachments (2846 : Deed Restriction Required by Proposition 68 Funding)

V. WHEREAS, but for the imposition of the Deed Restriction condition of the Grant, the Grant would not be consistent with the public purposes of the 2018 Parks Bond Act, 2018 Parks Bond Act Per Capita Program, and the funds that are the subject of the Grant could therefore not have been allocated; and

VI. WHEREAS, Owner has elected to comply with the Deed Restriction of the Grant, so as to enable Owner, to receive the Grant funds and perform the work described in the Grant.

NOW, THEREFORE, in consideration of the issuance of the Grant funds by DPR, the undersigned Owner for itself and for its heirs, assigns, and successors-in-interest, hereby irrevocably covenant with DPR that the condition of the grant (set forth at paragraphs 1 through 5 and in Exhibit B hereto) shall at all times on and after the date on which this Deed Restriction is recorded constitute for all purposes covenants, conditions and restrictions on the use and enjoyment of the Property that are hereby attached to the deed to the Property as fully effective components thereof.

1. DURATION. This Deed Restriction shall remain in full force and effect and shall bind Owner and all its assigns or successors-in-interest for the period running from July 1, 2018 through June 30, 2048.

2. TAXES AND ASSESSMENTS. It is intended that this Deed Restriction is irrevocable and shall constitute an enforceable restriction within the meaning of a) Article XIII, section 8, of the California Constitution; and b) section 402.1 of the California Revenue and Taxation Code or successor statute. Furthermore, this Deed Restriction shall be deemed to constitute a servitude upon and burden to the Property within the meaning of section 3712(d) of the California Revenue and Taxation Code, or successor statute, which survives a sale of tax-deeded property.

3. RIGHT OF ENTRY. DPR or its agent or employees may enter onto the Property at times reasonably acceptable to Owner to ascertain whether the use restrictions set forth above are being observed.

4. REMEDIES. Any act, conveyance, contract, or authorization by Owner whether written or oral which uses or would cause to be used or would permit use of the Property contrary to the terms of

this Deed Restriction will be deemed a violation and a breach hereof. DPR may pursue any and all available legal and/or equitable remedies to enforce the terms and conditions of this Deed Restriction up to and including a lien sale of the Property. In the event of a breach, any forbearance on the part of DPR to enforce the terms and provisions hereof shall not be deemed a waiver of enforcement rights regarding any subsequent breach.

5. SEVERABILITY. If any provision of these restrictions is held to be invalid, or for any reason becomes unenforceable, no other provision shall be affected or impaired.

Dated: _____, 2022

Owner Name: City of Laguna Hills, a Municipal Corporation

Signed: _____
Dave Wheeler, Mayor

Attest:

Signed: _____
Melissa Au-Yeung, City Clerk

****NOTARY ACKNOWLEDGEMENT ON THE NEXT PAGE****

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

State of California

County of Orange

On _____ before me, _____, a Notary Public,
personally appeared Dave Wheeler, who proved to me on the basis of satisfactory evidence to be the
person whose name is subscribed to the within instrument and acknowledged to me that he executed the
same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon
behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the
foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

LAGUNA HILLS COMMUNITY CENTER PARK AND SPORTS COMPLEX

That certain parcel, defined in the Quitclaim Deed and Assignment from the County of Orange to the City of Laguna Hills, as recorded in the Office of the Orange County Recorder on October 18, 1996, as Instrument No. 1996529568, identified as OS64H-101: That certain land in the City of Laguna Hills, County of Orange, State of California, described as Parcel No. OS64H-101 in the deed to the County of Orange recorded May 29, 1979 in book 13161, page 1052 of Official Records in the office of the County Recorder of said County.

Attachment: Deed Restriction Prop 68 with Attachments (2846 : Deed Restriction Required by Proposition 68 Funding)

EXHIBIT B

GRANT CONTRACTS

2018 PARKS BOND ACT PER CAPITA GRANT PROGRAM

State of California – Natural Resources Agency

DEPARTMENT OF PARKS AND RECREATION

CONTRACT C9801446

AND

CONTRACT C9802173

Attachment: Deed Restriction Prop 68 with Attachments (2846 : Deed Restriction Required by Proposition 68 Funding)

State of California - Natural Resources Agency
DEPARTMENT OF PARKS AND RECREATION

GRANT CONTRACT
2018 Parks Bond Act
Per Capita Grant Program

GRANTEE City of Laguna Hills

THE PROJECT PERFORMANCE PERIOD is from July 01, 2018 through June 30, 2024

CONTRACT PERFORMANCE PERIOD is from July 01, 2018 through June 30, 2048

The GRANTEE agrees to the terms and conditions of this Contract, and the State of California, acting through its Director of the Department of Parks and Recreation, pursuant to the State of California, agrees to fund the total State grant amount indicated below.

The GRANTEE agrees to complete the GRANT SCOPE(s) as defined in the GRANT SCOPE/Cost Estimate Form or acquisition documentation for the application(s) filed with the State of California.

The General and Special Provisions attached are made a part of and incorporated into the Contract.

City of Laguna Hills

By 
(Signature of Authorized Representative)

Title Interim City Manager

Date 12/9/2021

STATE OF CALIFORNIA
DEPARTMENT OF PARKS AND RECREATION

DocuSigned by:

By 

96CAD152004346D...

Date 12/16/2021

CERTIFICATION OF FUNDING
(For State Use Only)

CONTRACT NO C9801446	AMENDMENT NO	FISCAL SUPPLIER I.D. 0000013190	PROJECT NO. 18-30-035
AMOUNT ENCUMBERED BY THIS DOCUMENT \$177,952.00	FUND. Drought, Water, Cln Air, Cstl Prot, Outdoor Fund		
PRIOR AMOUNT ENCUMBERED FOR THIS CONTRACT	ITEM 3790-101-6088	CHAPTER 29	STATUTE 18
TOTAL AMOUNT ENCUMBERED TO DATE \$ 177,952.00	Reporting Structured. 37900091	Account/Alt Account. 5432000-5432000000	ACTIVITY CODE 69801
			PROJECT / WORK PHASE

Attachment: Deed Restriction Prop 68 with Attachments (2846 : Deed Restriction Required by Proposition 68 Funding)

I. RECITALS

This CONTRACT is entered into between the California Department of Parks and Recreation (hereinafter referred to as "GRANTOR," "DEPARTMENT" or "STATE") and City of Laguna Hills (hereinafter referred to as "GRANTEE").

The DEPARTMENT hereby grants to GRANTEE a sum (also referred to as "GRANT MONIES") not to exceed \$177,952, subject to the terms and conditions of this AGREEMENT and the 2018/19 California State Budget, Chapter 29, statutes of 2018, Item number – 3790-101-6088 (appropriation chapter and budget item number hereinafter referred to as "PER CAPITA GRANT"). These funds shall be used for completion of the GRANT SCOPE(S).

The Grant Performance Period is from July 01, 2018 to June 30, 2024.

II. GENERAL PROVISIONS

A. Definitions

As used in this CONTRACT, the following words shall have the following meanings:

1. The term "ACT" means the California Drought, Water, Parks Climate, Coastal Protection, and Outdoor Access for All Act of 2018, as referred to in section I of this CONTRACT.
2. The term "APPLICATION" means the individual project APPLICATION packet for a project pursuant to the enabling legislation and/or grant program process guide requirements.
3. The term "DEPARTMENT" or "STATE" means the California Department of Parks and Recreation.
4. The term "DEVELOPMENT" means capital improvements to real property by means of, but not limited to, construction, expansion, and/or renovation, of permanent or fixed features of the property.
5. The term "GRANTEE" means the party described as the GRANTEE in Section I of this CONTRACT.
6. The term "GRANT SCOPE" means the items listed in the GRANT SCOPE/Cost Estimate Form or acquisition documentation found in each of the APPLICATIONS submitted pursuant to this grant.
7. The term "PROCEDURAL GUIDE" means the document identified as the "Procedural Guide for California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access For All Act of 2018 Per Capita Program." The

PROCEDURAL GUIDE provides the procedures and policies controlling the administration of the grant.

B. Project Execution

1. Subject to the availability of GRANT MONIES, the STATE hereby grants to the GRANTEE a sum of money not to exceed the amount stated in Section I of this CONTRACT, in consideration of, and on condition that, the sum be expended in carrying out the purposes as set forth in the scope described in the enabling legislation and referenced in the APPLICATION, Section I of this CONTRACT, and under the terms and conditions set forth in this CONTRACT.

The GRANTEE shall assume any obligation to furnish any additional funds that may be necessary to complete the GRANT SCOPE(S).

The GRANTEE agrees to submit any change or alteration from the original GRANT SCOPE(S) in writing to the STATE for prior approval. This applies to any and all changes that occur after STATE has approved the APPLICATION. Changes in the GRANT SCOPE(S) must be approved in writing by the STATE.

2. The GRANTEE shall complete the GRANT SCOPE(S) in accordance with the time of the Performance Period set forth in Section I of this CONTRACT, and under the terms and conditions of this CONTRACT.
3. The GRANTEE shall comply with the California Environmental Quality Act (Public Resources Code, Section 21000, et seq., Title 14, California Code of Regulations, Section 15000 et seq.).
4. The GRANTEE shall comply with all applicable current laws and regulations affecting DEVELOPMENT projects, including, but not limited to, legal requirements for construction contracts, building codes, health and safety codes, and laws and codes pertaining to individuals with disabilities, including but not limited to the Americans With Disabilities Act of 1990 (42 U.S.C. §12101 et seq.) and the California Unruh Act (California Civil Code §51 et seq.).

C. Project Costs

1. GRANTEE agrees to abide by the PROCEDURAL GUIDE.
2. GRANTEE acknowledges that STATE may make reasonable changes to its procedures as set forth in the PROCEDURAL GUIDE. If STATE makes any changes to its procedures and guidelines, STATE agrees to notify GRANTEE within a reasonable time.

D. Project Administration

1. If GRANT MONIES are advanced for DEVELOPMENT projects, the advanced funds shall be placed in an interest bearing account until expended. Interest earned on the advanced funds shall be used on the project as approved by the STATE. If grant monies are advanced and not expended, the unused portion of the

- grant and any interest earned shall be returned to the STATE within 60 days after project completion or end of the Grant Performance Period, whichever is earlier.
2. The GRANTEE shall submit written project status reports within 30 calendar days after the STATE has made such a request. In any event, the GRANTEE shall provide the STATE a report showing total final project expenditures within 60 days of project completion or the end of the grant performance period, whichever is earlier. The Grant Performance Period is identified in Section I of this CONTRACT.
 3. The GRANTEE shall make property or facilities acquired and/or developed pursuant to this contract available for inspection upon request by the STATE.

E. Project Termination

1. Project Termination refers to the non-completion of a GRANT SCOPE. Any grant funds that have not been expended by the GRANTEE shall revert to the STATE.
2. The GRANTEE may unilaterally rescind this CONTRACT at any time prior to the commencement of the project. The commencement of the project means the date of the letter notifying GRANTEE of the award or when the funds are appropriated, whichever is later. After project commencement, this CONTRACT may be rescinded, modified or amended only by mutual agreement in writing between the GRANTEE and the STATE, unless the provisions of this CONTRACT provide that mutual agreement is not required.
3. Failure by the GRANTEE to comply with the terms of the (a) PROCEDURAL GUIDE, (b) any legislation applicable to the ACT, (c) this CONTRACT as well as any other grant contracts, specified or general, that GRANTEE has entered into with STATE, may be cause for suspension of all obligations of the STATE unless the STATE determines that such failure was due to no fault of the GRANTEE. In such case, STATE may reimburse GRANTEE for eligible costs properly incurred in performance of this CONTRACT despite non-performance of the GRANTEE. To qualify for such reimbursement, GRANTEE agrees to mitigate its losses to the best of its ability.
4. Any breach of any term, provision, obligation or requirement of this CONTRACT by the GRANTEE shall be a default of this CONTRACT. In the case of any default by GRANTEE, STATE shall be entitled to all remedies available under law and equity, including but not limited to: a) Specific Performance; b) Return of all GRANT MONIES; c) Payment to the STATE of the fair market value of the project property or the actual sales price, whichever is higher; and d) Payment to the STATE of the costs of enforcement of this CONTRACT, including but not limited to court and arbitration costs, fees, expenses of litigation, and reasonable attorney fees.
5. The GRANTEE and the STATE agree that if the GRANT SCOPE includes DEVELOPMENT, final payment may not be made until the work described in the GRANT SCOPE is complete and the GRANT PROJECT is open to the public.

F. Budget Contingency Clause

If funding for any fiscal year is reduced or deleted by the budget act for purposes of this program, the STATE shall have the option to either cancel this contract with no liability occurring to the STATE, or offer a CONTRACT amendment to GRANTEE to reflect the reduced grant amount. This Paragraph shall not require the mutual agreement as addressed in Paragraph E, provision 2, of this CONTRACT.

G. Hold Harmless

1. The GRANTEE shall waive all claims and recourse against the STATE including the right to contribution for loss or damage to persons or property arising from, growing out of or in any way connected with or incident to this CONTRACT except claims arising from the concurrent or sole negligence of the STATE, its officers, agents, and employees.
2. The GRANTEE shall indemnify, hold harmless and defend the STATE, its officers, agents and employees against any and all claims, demands, damages, costs, expenses or liability costs arising out of the ACQUISITION, DEVELOPMENT, construction, operation or maintenance of the property described as the project which claims, demands or causes of action arise under California Government Code Section 895.2 or otherwise except for liability arising out of the concurrent or sole negligence of the STATE, its officers, agents, or employees.
3. The GRANTEE agrees that in the event the STATE is named as codefendant under the provisions of California Government Code Section 895 et seq., the GRANTEE shall notify the STATE of such fact and shall represent the STATE in the legal action unless the STATE undertakes to represent itself as codefendant in such legal action in which event the GRANTEE agrees to pay the STATE's litigation costs, expenses, and reasonable attorney fees.
4. The GRANTEE and the STATE agree that in the event of judgment entered against the STATE and the GRANTEE because of the concurrent negligence of the STATE and the GRANTEE, their officers, agents, or employees, an apportionment of liability to pay such judgment shall be made by a court of competent jurisdiction. Neither party shall request a jury apportionment.
5. The GRANTEE shall indemnify, hold harmless and defend the STATE, its officers, agents and employees against any and all claims, demands, costs, expenses or liability costs arising out of legal actions pursuant to items to which the GRANTEE has certified. The GRANTEE acknowledges that it is solely responsible for compliance with items to which it has certified.

H. Financial Records

1. The GRANTEE shall maintain satisfactory financial accounts, documents, including loan documents, and all other records for the project and to make them available to the STATE for auditing at reasonable times. The GRANTEE also agrees to retain such financial accounts, documents and records for five years following project

termination or issuance of final payment, whichever is later.

2. The GRANTEE shall keep such records as the STATE shall prescribe, including records which fully disclose (a) the disposition of the proceeds of STATE funding assistance, (b) the total cost of the project in connection with such assistance that is given or used, (c) the amount and nature of that portion of the project cost supplied by other sources, and (d) any other such records that will facilitate an effective audit.
3. The GRANTEE agrees that the STATE shall have the right to inspect and make copies of any books, records or reports pertaining to this contract or matters related thereto during regular office hours. The GRANTEE shall maintain and make available for inspection by the STATE accurate records of all of its costs, disbursements and receipts with respect to its activities under this contract. Such accounts, documents, and records shall be retained by the GRANTEE for at least five years following project termination or issuance of final payment, whichever is later.
4. The GRANTEE shall use a generally accepted accounting system.

I. Use of Facilities

1. The GRANTEE agrees that the GRANTEE shall operate and maintain the property acquired or developed with the GRANT MONIES, for the duration of the Contract Performance Period.
2. The GRANTEE agrees that, during the Contract Performance Period, the GRANTEE shall use the property acquired or developed with GRANT MONIES under this contract only for the purposes of this grant and no other use, sale, or other disposition or change of the use of the property to one not consistent with its purpose shall be permitted except as authorized by the STATE and the property shall be replaced with property of equivalent value and usefulness as determined by the STATE.
3. The property acquired or developed may be transferred to another entity if the successor entity assumes the obligations imposed under this CONTRACT and with the approval of STATE.
4. Any real Property (including any portion of it or any interest in it) may not be used as security for any debt or mitigation, without the written approval of the STATE provided that such approval shall not be unreasonably withheld as long as the purposes for which the Grant was awarded are maintained. Any such permission that is granted does not make the STATE a guarantor or a surety for any debt or mitigation, nor does it waive the STATE'S rights to enforce performance under the Grant CONTRACT.

5. All real property, or rights thereto, acquired with GRANT MONIES shall be subject to an appropriate form of restrictive title, rights, or covenants approved by the STATE. If the project property is taken by use of eminent domain, GRANTEE shall reimburse STATE an amount at least equal to the amount of GRANT MONIES received from STATE or the pro-rated full market value of the real property, including improvements, at the time of sale, whichever is higher.
6. If eminent domain proceedings are initiated against GRANTEE, GRANTEE shall notify STATE within 10 days of receiving the complaint.

J. Nondiscrimination

1. The GRANTEE shall not discriminate against any person on the basis of sex, race, color, national origin, age, religion, ancestry, sexual orientation, or disability in the use of any property or facility developed pursuant to this contract.
2. The GRANTEE shall not discriminate against any person on the basis of residence except to the extent that reasonable differences in admission or other fees may be maintained on the basis of residence and pursuant to law.
3. All facilities shall be open to members of the public generally, except as noted under the special provisions of this project contract or under provisions of the enabling legislation and/or grant program.

K. Severability

If any provision of this CONTRACT or the application thereof is held invalid, that invalidity shall not affect other provisions or applications of the CONTRACT which can be given effect without the invalid provision or application, and to this end the provisions of this CONTRACT are severable.

L. Liability

1. STATE assumes no responsibility for assuring the safety or standards of construction, site improvements or programs related to the GRANT SCOPE. The STATE'S rights under this CONTRACT to review, inspect and approve the GRANT SCOPE and any final plans of implementation shall not give rise to any warranty or representation that the GRANT SCOPE and any plans or improvements are free from hazards or defects.
2. GRANTEE will secure adequate liability insurance, performance bond, and/or other security necessary to protect the GRANTEE's and STATE'S interest against poor workmanship, fraud, or other potential loss associated with completion of the grant project.

M. Assignability

Without the written consent of the STATE, the GRANTEE'S interest in and responsibilities under this CONTRACT shall not be assignable by the GRANTEE either in whole or in part.

N. Use of Grant Monies

GRANTEE shall not use any grant funds (including any portion thereof) for the purpose of making any leverage loan, pledge, promissory note or similar financial device or transaction, without: 1) the prior written approval of the STATE; and 2) any financial or legal interests created by any such leverage loan, pledge, promissory note or similar financial device or transaction in the project property shall be completely subordinated to this CONTRACT through a Subordination Agreement provided and approved by the STATE, signed by all parties involved in the transaction, and recorded in the County Records against the fee title of the project property.

O. Section Headings

The headings and captions of the various sections of this CONTRACT have been inserted only for the purpose of convenience and are not a part of this CONTRACT and shall not be deemed in any manner to modify, explain, or restrict any of the provisions of this CONTRACT.

P. Waiver

Any failure by a party to enforce its rights under this CONTRACT, in the event of a breach, shall *not* be construed as a waiver of said rights; and the waiver of any breach under this CONTRACT shall *not* be construed as a waiver of any subsequent breach.

City of Laguna Hills

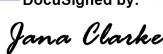
GRANTEE

By: 
Signature of Authorized Representative

Title: Kenneth H. Rosenfield, Interim City Manager

Date: 12/9/2021

STATE OF CALIFORNIA
DEPARTMENT OF PARKS AND RECREATION

By: 
96CAD132004346D...

Date: 12/16/2021

State of California - Natural Resources Agency
DEPARTMENT OF PARKS AND RECREATION

GRANT CONTRACT
2018 Parks Bond Act
Per Capita Grant Program

GRANTEE City of Laguna Hills

THE PROJECT PERFORMANCE PERIOD is from July 01, 2018 through June 30, 2024

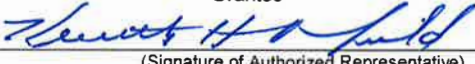
CONTRACT PERFORMANCE PERIOD is from July 01, 2018 through June 30, 2038

The GRANTEE agrees to the terms and conditions of this Contract, and the State of California, acting through its Director of the Department of Parks and Recreation, pursuant to the State of California, agrees to fund the total State grant amount indicated below.

The GRANTEE agrees to complete the GRANT SCOPE(s) as defined in the GRANT SCOPE/Cost Estimate Form or acquisition documentation for the application(s) filed with the State of California.

The General and Special Provisions attached are made a part of and incorporated into the Contract.

City of Laguna Hills

By 
(Signature of Authorized Representative)

Title Interim City Manager

Date 12/9/2021

STATE OF CALIFORNIA
DEPARTMENT OF PARKS AND RECREATION

DocuSigned by:

96CAD152004346D...

By

Date 12/16/2021

CERTIFICATION OF FUNDING
(For State Use Only)

CONTRACT NO C9802173	AMENDMENT NO	FISCAL SUPPLIER I.D. 0000013190	PROJECT NO. 18-30-036
AMOUNT ENCUMBERED BY THIS DOCUMENT \$19,447.00	FUND Drought, Water, Cln Air, Cstl Protc, Outdoor Fund		
PRIOR AMOUNT ENCUMBERED FOR THIS CONTRACT	ITEM 3790-101-6088	CHAPTER 23	STATUTE 19
TOTAL AMOUNT ENCUMBERED TO DATE \$19,447.00	Reporting Structured. 37900091	Account/Alt Account. 5432000-5432000000	ACTIVITY CODE 69803
			FISCAL YEAR 2021/22
			PROJECT / WORK PHASE

I. RECITALS

This CONTRACT is entered into between the California Department of Parks and Recreation (hereinafter referred to as "GRANTOR," "DEPARTMENT" or "STATE") and City of Laguna Hills (hereinafter referred to as "GRANTEE").

The DEPARTMENT hereby grants to GRANTEE a sum (also referred to as "GRANT MONIES") not to exceed \$19,447, subject to the terms and conditions of this AGREEMENT and the 2019/20 California State Budget, Chapter 23, statutes of 2019, Item number – 3790-101-6088 (appropriation chapter and budget item number hereinafter referred to as "PER CAPITA GRANT"). These funds shall be used for completion of the GRANT SCOPE(S).

The Grant Performance Period is from July 01, 2018 to June 30, 2024.

II. GENERAL PROVISIONS

A. Definitions

As used in this CONTRACT, the following words shall have the following meanings:

1. The term "ACT" means the California Drought, Water, Parks Climate, Coastal Protection, and Outdoor Access for All Act of 2018, as referred to in section I of this CONTRACT.
2. The term "APPLICATION" means the individual project APPLICATION packet for a project pursuant to the enabling legislation and/or grant program process guide requirements.
3. The term "DEPARTMENT" or "STATE" means the California Department of Parks and Recreation.
4. The term "DEVELOPMENT" means capital improvements to real property by means of, but not limited to, construction, expansion, and/or renovation, of permanent or fixed features of the property.
5. The term "GRANTEE" means the party described as the GRANTEE in Section I of this CONTRACT.
6. The term "GRANT SCOPE" means the items listed in the GRANT SCOPE/Cost Estimate Form or acquisition documentation found in each of the APPLICATIONS submitted pursuant to this grant.
7. The term "PROCEDURAL GUIDE" means the document identified as the "Procedural Guide for California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access For All Act of 2018 Per Capita Program." The

PROCEDURAL GUIDE provides the procedures and policies controlling the administration of the grant.

B. Project Execution

1. Subject to the availability of GRANT MONIES, the STATE hereby grants to the GRANTEE a sum of money not to exceed the amount stated in Section I of this CONTRACT, in consideration of, and on condition that, the sum be expended in carrying out the purposes as set forth in the scope described in the enabling legislation and referenced in the APPLICATION, Section I of this CONTRACT, and under the terms and conditions set forth in this CONTRACT.

The GRANTEE shall assume any obligation to furnish any additional funds that may be necessary to complete the GRANT SCOPE(S).

The GRANTEE agrees to submit any change or alteration from the original GRANT SCOPE(S) in writing to the STATE for prior approval. This applies to any and all changes that occur after STATE has approved the APPLICATION. Changes in the GRANT SCOPE(S) must be approved in writing by the STATE.

2. The GRANTEE shall complete the GRANT SCOPE(S) in accordance with the time of the Performance Period set forth in Section I of this CONTRACT, and under the terms and conditions of this CONTRACT.
3. The GRANTEE shall comply with the California Environmental Quality Act (Public Resources Code, Section 21000, et seq., Title 14, California Code of Regulations, Section 15000 et seq.).
4. The GRANTEE shall comply with all applicable current laws and regulations affecting DEVELOPMENT projects, including, but not limited to, legal requirements for construction contracts, building codes, health and safety codes, and laws and codes pertaining to individuals with disabilities, including but not limited to the Americans With Disabilities Act of 1990 (42 U.S.C. §12101 et seq.) and the California Unruh Act (California Civil Code §51 et seq.).

C. Project Costs

1. GRANTEE agrees to abide by the PROCEDURAL GUIDE.
2. GRANTEE acknowledges that STATE may make reasonable changes to its procedures as set forth in the PROCEDURAL GUIDE. If STATE makes any changes to its procedures and guidelines, STATE agrees to notify GRANTEE within a reasonable time.

D. Project Administration

1. If GRANT MONIES are advanced for DEVELOPMENT projects, the advanced funds shall be placed in an interest bearing account until expended. Interest earned on the advanced funds shall be used on the project as approved by the STATE. If grant monies are advanced and not expended, the unused portion of the

- grant and any interest earned shall be returned to the STATE within 60 days after project completion or end of the Grant Performance Period, whichever is earlier.
2. The GRANTEE shall submit written project status reports within 30 calendar days after the STATE has made such a request. In any event, the GRANTEE shall provide the STATE a report showing total final project expenditures within 60 days of project completion or the end of the grant performance period, whichever is earlier. The Grant Performance Period is identified in Section I of this CONTRACT.
 3. The GRANTEE shall make property or facilities acquired and/or developed pursuant to this contract available for inspection upon request by the STATE.

E. Project Termination

1. Project Termination refers to the non-completion of a GRANT SCOPE. Any grant funds that have not been expended by the GRANTEE shall revert to the STATE.
2. The GRANTEE may unilaterally rescind this CONTRACT at any time prior to the commencement of the project. The commencement of the project means the date of the letter notifying GRANTEE of the award or when the funds are appropriated, whichever is later. After project commencement, this CONTRACT may be rescinded, modified or amended only by mutual agreement in writing between the GRANTEE and the STATE, unless the provisions of this CONTRACT provide that mutual agreement is not required.
3. Failure by the GRANTEE to comply with the terms of the (a) PROCEDURAL GUIDE, (b) any legislation applicable to the ACT, (c) this CONTRACT as well as any other grant contracts, specified or general, that GRANTEE has entered into with STATE, may be cause for suspension of all obligations of the STATE unless the STATE determines that such failure was due to no fault of the GRANTEE. In such case, STATE may reimburse GRANTEE for eligible costs properly incurred in performance of this CONTRACT despite non-performance of the GRANTEE. To qualify for such reimbursement, GRANTEE agrees to mitigate its losses to the best of its ability.
4. Any breach of any term, provision, obligation or requirement of this CONTRACT by the GRANTEE shall be a default of this CONTRACT. In the case of any default by GRANTEE, STATE shall be entitled to all remedies available under law and equity, including but not limited to: a) Specific Performance; b) Return of all GRANT MONIES; c) Payment to the STATE of the fair market value of the project property or the actual sales price, whichever is higher; and d) Payment to the STATE of the costs of enforcement of this CONTRACT, including but not limited to court and arbitration costs, fees, expenses of litigation, and reasonable attorney fees.
5. The GRANTEE and the STATE agree that if the GRANT SCOPE includes DEVELOPMENT, final payment may not be made until the work described in the GRANT SCOPE is complete and the GRANT PROJECT is open to the public.

F. Budget Contingency Clause

If funding for any fiscal year is reduced or deleted by the budget act for purposes of this program, the STATE shall have the option to either cancel this contract with no liability occurring to the STATE, or offer a CONTRACT amendment to GRANTEE to reflect the reduced grant amount. This Paragraph shall not require the mutual agreement as addressed in Paragraph E, provision 2, of this CONTRACT.

G. Hold Harmless

1. The GRANTEE shall waive all claims and recourse against the STATE including the right to contribution for loss or damage to persons or property arising from, growing out of or in any way connected with or incident to this CONTRACT except claims arising from the concurrent or sole negligence of the STATE, its officers, agents, and employees.
2. The GRANTEE shall indemnify, hold harmless and defend the STATE, its officers, agents and employees against any and all claims, demands, damages, costs, expenses or liability costs arising out of the ACQUISITION, DEVELOPMENT, construction, operation or maintenance of the property described as the project which claims, demands or causes of action arise under California Government Code Section 895.2 or otherwise except for liability arising out of the concurrent or sole negligence of the STATE, its officers, agents, or employees.
3. The GRANTEE agrees that in the event the STATE is named as codefendant under the provisions of California Government Code Section 895 et seq., the GRANTEE shall notify the STATE of such fact and shall represent the STATE in the legal action unless the STATE undertakes to represent itself as codefendant in such legal action in which event the GRANTEE agrees to pay the STATE's litigation costs, expenses, and reasonable attorney fees.
4. The GRANTEE and the STATE agree that in the event of judgment entered against the STATE and the GRANTEE because of the concurrent negligence of the STATE and the GRANTEE, their officers, agents, or employees, an apportionment of liability to pay such judgment shall be made by a court of competent jurisdiction. Neither party shall request a jury apportionment.
5. The GRANTEE shall indemnify, hold harmless and defend the STATE, its officers, agents and employees against any and all claims, demands, costs, expenses or liability costs arising out of legal actions pursuant to items to which the GRANTEE has certified. The GRANTEE acknowledges that it is solely responsible for compliance with items to which it has certified.

H. Financial Records

1. The GRANTEE shall maintain satisfactory financial accounts, documents, including loan documents, and all other records for the project and to make them available to the STATE for auditing at reasonable times. The GRANTEE also agrees to retain such financial accounts, documents and records for five years following project

termination or issuance of final payment, whichever is later.

2. The GRANTEE shall keep such records as the STATE shall prescribe, including records which fully disclose (a) the disposition of the proceeds of STATE funding assistance, (b) the total cost of the project in connection with such assistance that is given or used, (c) the amount and nature of that portion of the project cost supplied by other sources, and (d) any other such records that will facilitate an effective audit.
3. The GRANTEE agrees that the STATE shall have the right to inspect and make copies of any books, records or reports pertaining to this contract or matters related thereto during regular office hours. The GRANTEE shall maintain and make available for inspection by the STATE accurate records of all of its costs, disbursements and receipts with respect to its activities under this contract. Such accounts, documents, and records shall be retained by the GRANTEE for at least five years following project termination or issuance of final payment, whichever is later.
4. The GRANTEE shall use a generally accepted accounting system.

I. Use of Facilities

1. The GRANTEE agrees that the GRANTEE shall operate and maintain the property acquired or developed with the GRANT MONIES, for the duration of the Contract Performance Period.
2. The GRANTEE agrees that, during the Contract Performance Period, the GRANTEE shall use the property acquired or developed with GRANT MONIES under this contract only for the purposes of this grant and no other use, sale, or other disposition or change of the use of the property to one not consistent with its purpose shall be permitted except as authorized by the STATE and the property shall be replaced with property of equivalent value and usefulness as determined by the STATE.
3. The property acquired or developed may be transferred to another entity if the successor entity assumes the obligations imposed under this CONTRACT and with the approval of STATE.
4. Any real Property (including any portion of it or any interest in it) may not be used as security for any debt or mitigation, without the written approval of the STATE provided that such approval shall not be unreasonably withheld as long as the purposes for which the Grant was awarded are maintained. Any such permission that is granted does not make the STATE a guarantor or a surety for any debt or mitigation, nor does it waive the STATE'S rights to enforce performance under the Grant CONTRACT.

5. All real property, or rights thereto, acquired with GRANT MONIES shall be subject to an appropriate form of restrictive title, rights, or covenants approved by the STATE. If the project property is taken by use of eminent domain, GRANTEE shall reimburse STATE an amount at least equal to the amount of GRANT MONIES received from STATE or the pro-rated full market value of the real property, including improvements, at the time of sale, whichever is higher.
6. If eminent domain proceedings are initiated against GRANTEE, GRANTEE shall notify STATE within 10 days of receiving the complaint.

J. Nondiscrimination

1. The GRANTEE shall not discriminate against any person on the basis of sex, race, color, national origin, age, religion, ancestry, sexual orientation, or disability in the use of any property or facility developed pursuant to this contract.
2. The GRANTEE shall not discriminate against any person on the basis of residence except to the extent that reasonable differences in admission or other fees may be maintained on the basis of residence and pursuant to law.
3. All facilities shall be open to members of the public generally, except as noted under the special provisions of this project contract or under provisions of the enabling legislation and/or grant program.

K. Severability

If any provision of this CONTRACT or the application thereof is held invalid, that invalidity shall not affect other provisions or applications of the CONTRACT which can be given effect without the invalid provision or application, and to this end the provisions of this CONTRACT are severable.

L. Liability

1. STATE assumes no responsibility for assuring the safety or standards of construction, site improvements or programs related to the GRANT SCOPE. The STATE'S rights under this CONTRACT to review, inspect and approve the GRANT SCOPE and any final plans of implementation shall not give rise to any warranty or representation that the GRANT SCOPE and any plans or improvements are free from hazards or defects.
2. GRANTEE will secure adequate liability insurance, performance bond, and/or other security necessary to protect the GRANTEE'S and STATE'S interest against poor workmanship, fraud, or other potential loss associated with completion of the grant project.

M. Assignability

Without the written consent of the STATE, the GRANTEE'S interest in and responsibilities under this CONTRACT shall not be assignable by the GRANTEE either in whole or in part.

N. Use of Grant Monies

GRANTEE shall not use any grant funds (including any portion thereof) for the purpose of making any leverage loan, pledge, promissory note or similar financial device or transaction, without: 1) the prior written approval of the STATE; and 2) any financial or legal interests created by any such leverage loan, pledge, promissory note or similar financial device or transaction in the project property shall be completely subordinated to this CONTRACT through a Subordination Agreement provided and approved by the STATE, signed by all parties involved in the transaction, and recorded in the County Records against the fee title of the project property.

O. Section Headings

The headings and captions of the various sections of this CONTRACT have been inserted only for the purpose of convenience and are not a part of this CONTRACT and shall not be deemed in any manner to modify, explain, or restrict any of the provisions of this CONTRACT.

P. Waiver

Any failure by a party to enforce its rights under this CONTRACT, in the event of a breach, shall *not* be construed as a waiver of said rights; and the waiver of any breach under this CONTRACT shall *not* be construed as a waiver of any subsequent breach.

City of Laguna Hills
GRANTEE

By: 
Signature of Authorized Representative

Title: Kenneth H. Rosenfield, Interim City Manager

Date: 12/9/2021

STATE OF CALIFORNIA
DEPARTMENT OF PARKS AND RECREATION

By: 
96CAD152004346D...

Date: 12/16/2021



City of Laguna Hills

City Council/Planning Agency

Staff Report

DATE: May 10, 2022

TO: Chair and Agency Members

FROM: Larry Longenecker
Community Development Director

ISSUE: Tentative Parcel Map No. 0003-2021 (PM No. 2021-155), a Request for the Subdivision for Condominium Purposes of the Existing Medical Office Building Located at 24953 Paseo De Valencia, Building B

RECOMMENDATION: That the Planning Agency:

- 1) Conduct a public hearing;
 - 2) Find and determine that the project is categorically exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15301(k) of Title 14, Chapter 3 of the California Code of Regulations (Class 1, Existing Facilities);
 - 3) Adopt a Resolution entitled: "A Resolution of the Planning Agency of the City of Laguna Hills, California, approving Tentative Parcel Map No. 0003-2021 (PM No. 2021-155) for the Subdivision for Condominium Purposes of the Existing Medical Office Building Located at 24953 Paseo de Valencia, Building B, including an exemption from the California Environmental Quality Act (CEQA) per CEQA Guidelines Section 15301(k) of Title 14, Chapter 3 of the California Code of Regulations (Class 1, Existing Facilities)".
-

SUMMARY:

Tentative Parcel Map No. 0003-2021 (PM No. 2021-155) is a request by CGM Development, LLC ("Applicant"), on behalf of Laguna Valencia, LLC ("Owner"), to convert all sixteen (16) existing office suites in Building B of the Medical Arts Center into individual airspace condominium units ("Project").

Tentative Parcel Map No. 0003-2021 (PM No. 2021-155) (Medical Arts Building B)

May 10, 2022

Page 2

The approximately 3.6-acre Medical Arts Center campus is located at 24953 Paseo de Valencia, on the northeast corner of Paseo de Valencia and Beckenham Street. The campus is within the City's Office Professional zoning district, and generally consists of medical office and personal service businesses. The proposed request to convert the suites within Building B into condominium units will allow each unit to be marketed and sold. No change to the building's size or allowable land uses would result from the condominium map. The modification of the suites to airspace units will not impact the density, use, circulation, or other applicable standards or requirements. No development is proposed in conjunction with the Project.

The purpose of a Tentative Parcel Map is to ensure that subdivisions of land into four or fewer parcels are consistent with the Laguna Hills General Plan, Zoning and Development Code ("Code"), California Subdivision Map Act, and the City's Subdivision Ordinance. The proposed subdivision is consistent with these requirements. Therefore, Staff recommends approval of the Project, subject to the conditions of approval contained within the proposed Resolution of Approval (Attachment A).

AUTHORITY:

The application process and submittal requirements for new development projects are found in Chapter 9-92 of the Code. The Planning Agency has review authority over the proposed Tentative Parcel Map.

Chapter 9-86 of the City's Development Code adopts the County of Orange subdivision ordinance and manual as the City's subdivision ordinance (the "Subdivision Code"). Subdivisions must be consistent with the Subdivision Code, the Laguna Hills General Plan, and applicable development standards including lot size, coverage, density, and setbacks. Staff has recommended approval of the proposed Project based on a written explanation of the Project's consistency with these requirements. These written explanations (known as findings) are listed and discussed in the attached proposed Resolution of Approval (Attachment A).

BACKGROUND:

The Laguna Hills Medical Arts Center ("Center") is located at 24953 Paseo de Valencia, on the corner of Paseo de Valencia and Beckenham Street, in the Office Professional (OP) zoning district. The Center consists of three existing buildings, Building A, B, and C, located on three separate parcels, each parcel approximately 1.2-acres in size. The buildings were constructed in the late-1970s and early-1980s, and generally consist of

medical office and personal service businesses. The Center's layout has remained unchanged from its original construction, and the properties maintain coordinated circulation, parking, and landscaping.

The surrounding area consists of existing single-family homes to the north, east, and south, and the City of Laguna Woods to the west across Paseo de Valencia. Figure 1 below is a vicinity map of the Project:

Figure 1 - Vicinity Map



In 2021, CGM Development, LLC ("Applicant"), purchased Building B (and underlying parcel) of the Medical Arts Center, and are pursuing an update to the site. Building B is approximately 27,260 square feet, and is centrally located on the site. The building is three stories, with subterranean parking and office suites in the basement floor, and two floors of office suites, ranging in size from 1,052 to 4,272 square feet. The Applicant indicated that they will apply for building permits for a façade upgrade to the building at a later date.

PROPOSAL & ANALYSIS:

The Applicant has submitted an application for Tentative Parcel Map No. 0003-2021 (PM No. 2021-155) to convert all sixteen (16) existing office suites within Building B into individual airspace condominium units. The request to convert the suites into condominium units will allow each unit to be marketed and sold. No change to the

Tentative Parcel Map No. 0003-2021 (PM No. 2021-155) (Medical Arts Building B)

May 10, 2022

Page 4

building's size or allowable land uses would result from the condominium map. The modification of the suites to airspace units will not impact the density, use, circulation, or other applicable standards or requirements.

Building B and the underlying parcel include 95 existing parking stalls, consisting of 82 surface and 13 subterranean stalls. A Reciprocal Easement Agreement for "easement and rights incidental thereto for pedestrian and vehicular ingress, egress, driveway and parking" was recorded in 1978, and facilitates circulation and parking for all three buildings in the Center.

No changes to the parking lot and circulation layout are proposed. To ensure shared circulation patterns and parking access remain, Staff has included Condition of Approval No. 11, which requires the Applicant/Owner to prepare a recordable instrument in a form approved by the City Attorney and City Manager that address responsibility for reciprocal parking, ingress and egress, circulation, and creation of a condominium association to facilitate management and maintenance of the property.

Staff recommends the following condition of approval, which has been included in the proposed Resolution for Approval (Condition of Approval No. 12):

"Prior to the issuance of any Building Permits, the Applicant shall prepare a Final Subdivision Map in accordance with City, County, and State requirements and standards. The Applicant shall submit the Final Subdivision Map for plan check to both the City Engineer and County Surveyor and pay all applicable plan check fees to both agencies. The Applicant shall submit a current title report, supporting documents, and traverse closure calculations for plan check. Following recordation of the Final Subdivision Map, the Applicant shall provide the City with a duplicate Mylar of the recorded document."

Consistency with the General Plan

The General Plan Land Use Element describes the Office Professional land use designation as an office-based working environment for administrative and professional offices, as well as necessary support uses. Typical uses include administrative and professional offices, business-related retail and service functions, health care facilities, and vocational and trade schools. Although no development is proposed as part of this Project, any future improvements to the Center will be evaluated with the General Plan's goals for the Office Professional designation in mind.

Tentative Parcel Map No. 0003-2021 (PM No. 2021-155) (Medical Arts Building B)

May 10, 2022

Page 5

Consistency with the Development Code and Subdivision Ordinance

The California Subdivision Map Act authorizes local agencies to regulate and control the design and improvement of projects where land is being subdivided. The City adopted the County of Orange Subdivision Ordinance and Manual upon incorporation, and subsequently adopted the County's Subdivision Ordinance and Manual by reference as it existed on December 20, 1991. These documents, consistent with State law, govern the City's subdivision process, with approval criteria primarily based on a proposed subdivision's consistency with the City's Development Code, and all applicable development standards of the zoning district where the subdivision is proposed.

Section 7-9-254 of the Subdivision Ordinance and Chapter 9-86 of the City's Development Code require subdivisions to be consistent with the County subdivision ordinance, and applicable development standards including lot size, coverage, density, and setbacks.

The proposed subdivision merely creates 'airspace condominiums' for the existing office suites, and no development or expansion of the structure is proposed as part of this Project; thus, the Project does not impact any of the applicable development standards.

Subdivision Committee

On February 23, 2022, the Subdivision Committee reviewed and unanimously recommended approval of Tentative Parcel Map No. 0003-2021 (PM No. 2021-155). The Committee was satisfied with the staff-recommended conditions of approval, which have been included with the Tentative Parcel Map conditions of approval.

CONCLUSION:

The proposed map complies with all requirements of the Laguna Hills Municipal Code and Subdivision Manual. Approval of the map will not increase the development intensity or change allowable uses beyond what is already permitted. If the condominium map is denied, the individual suites could not be sold independently of one another and could only be continued to be leased out. Therefore, Staff recommends approval of approval of Tentative Parcel Map No. 0003-2021 (PM No. 2021-155).

PUBLIC NOTICE:

The proposed Project was advertised in an adjudicated newspaper of general circulation

Tentative Parcel Map No. 0003-2021 (PM No. 2021-155) (Medical Arts Building B)

May 10, 2022

Page 6

on April 28, 2022. In addition, 239 property owners and occupants within 300 feet of the Project were mailed a public hearing notice. To date, no comments have been received. Any written comments received will be distributed at the Planning Agency public hearing.

CEQA FINDINGS:

Staff has reviewed the proposed Project for compliance with the California Environmental Quality Act (CEQA) and determined that this project is categorically exempt from CEQA pursuant to Section 15301(k) of Title 14, Chapter 3 of the California Code of Regulations (Class 1, Existing Facilities). This exemption applies to subdivision of existing commercial or industrial buildings, where no physical changes occur which are not otherwise exempt.

ATTACHMENTS:

- Attachment A – Proposed Resolution of Approval
- Attachment B – Letter of Justification
- Attachment C – Proposed Tentative Parcel Map

RESOLUTION NO. PA2022-05-10-X

A RESOLUTION OF THE PLANNING AGENCY OF THE CITY OF LAGUNA HILLS, CALIFORNIA, APPROVING TENTATIVE PARCEL MAP NO. 0003-2021 (PM NO. 2021-155) FOR THE SUBDIVISION FOR CONDOMINIUM PURPOSES OF THE EXISTING MEDICAL OFFICE BUILDING LOCATED AT 24953 PASEO DE VALENCIA, BUILDING B, INCLUDING AN EXEMPTION FROM THE CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) PER CEQA GUIDELINES SECTION 15301(K) OF TITLE 14, CHAPTER 3 OF THE CALIFORNIA CODE OF REGULATIONS (CLASS 1, EXISTING FACILITIES)

The Planning Agency of the City of Laguna Hills, California, hereby finds, determines, declares, and resolves as follows:

WHEREAS, CGM Development, LLC ("Applicant"), on behalf of Laguna Valencia, LLC ("Owner"), has filed an application for Tentative Parcel Map No. 0003-2021 (PM No. 2021-155) to convert all sixteen (16) existing office suites in Building B of the Medical Arts Center, located at 24953 Paseo de Valencia, into individual airspace condominium units ("Project"), in the Office Professional (OP) zoning district; and

WHEREAS, the Project is deemed exempt from the requirements of the California Environmental Quality Act based upon CEQA Guidelines Section 15301(k), which applies to subdivision of existing commercial or industrial buildings, where no physical changes occur which are not otherwise exempt; and

WHEREAS, the Subdivision Committee reviewed and unanimously recommended approval of Tentative Parcel Map No. 0003-2021 (PM No. 2021-155) on February 23, 2022; and

WHEREAS, the Planning Agency held a duly noticed public hearing and considered public comments and written and oral information and testimony presented by City staff, community residents, and other interested parties at a duly noticed public hearing held on May 10, 2022; and

WHEREAS, all other legal prerequisites to the adoption of this Resolution have occurred.

NOW, THEREFORE, THE PLANNING AGENCY OF THE CITY OF LAGUNA HILLS, CALIFORNIA, DOES RESOLVE, DECLARE, DETERMINE, AND ORDER AS FOLLOWS:

SECTION 1. The above recitals are true and correct, and are incorporated herein by reference.

SECTION 2. The Planning Agency hereby determines that the required findings by the City for approval of Tentative Parcel Map No. 0003-2021 (PM No. 2021-155) have been met and made as follows:

Tentative Parcel Map

1. That the proposed map is consistent with the General Plan:

The General Plan land use designation of the Property is Office Professional, which provides office-based working environment for administrative and professional offices, as well as necessary support uses. Typical uses include administrative and professional offices, business-related retail and service functions, health care facilities, and vocational and trade schools. Existing uses on the Property include medical office and personal service businesses permitted within the Office Professional land use designation, and no new development is proposed in conjunction with the proposed Project. Although no development is proposed as part of this Project, any future improvements to the Center will be evaluated with the General Plan's goals for the Office Professional designation in mind.

2. That the design and improvement of the proposed subdivision is consistent with the General Plan:

The General Plan land use designation of the Property is Office Professional, which is implemented by the Office Professional chapter in the City's Development Code. No physical development is proposed in conjunction with the proposed subdivision. All development at the project site already exists and has supported the medical office/personal services uses of the Property without issue since the late 1970s. The proposed subdivision merely creates 'airspace condominiums' for the existing office suites.

3. That the site is physically suitable for the proposed type of development:

No physical development is proposed in conjunction with the proposed subdivision. All development at the project site already exists and has supported the medical office/personal services uses of the Property without issue since the late 1970s. The proposed subdivision merely creates 'airspace condominiums' for the existing office suites.

4. That the requirements of the California Environmental Quality Act have been satisfied:

The proposed subdivision has been deemed exempt from the requirements of the California Environmental Quality Act based upon CEQA Guidelines Section 15301(k). This exemption applies to subdivision of existing commercial or industrial buildings, where no physical changes occur which are not otherwise exempt.

5. That the site is physically suitable for the proposed density of development:

No physical development is proposed in conjunction with the proposed subdivision. All development at the project site already exists and has supported the medical office/personal services uses of the Property without issue since the late 1970s. The proposed subdivision merely creates 'airspace condominiums' for the existing office suites.

6. That the design of the subdivision and the proposed improvements are not likely to cause substantial environmental damage or substantial and avoidable injury to fish or wildlife or their habitat.

No physical development is proposed in conjunction with the proposed subdivision. All development at the project site already exists and has supported the medical office/personal services uses of the Property without issue since the late 1970s. The proposed subdivision merely creates 'airspace condominiums' for the existing office suites.

7. That the design of the subdivision and the type of improvements proposed are not likely to cause serious public health problems:

No physical development is proposed in conjunction with the proposed subdivision. All development at the project site already exists and has supported the medical office/personal services uses of the Property without issue since the late 1970s. The proposed subdivision merely creates 'airspace condominiums' for the existing office suites.

8. That the design of the subdivision and the type of improvements proposed will not conflict with easements of record or established by court judgment acquired by the public at large for access through or use of property within the proposed subdivision; or, if such easements exist, that alternate easements for access or for use will be provided and that these will be substantially equivalent to ones previously acquired by the public.

The proposed subdivision will occur on a site with existing development and easements that have adequately supported the improvements without issue.

9. That the design and improvement of the proposed subdivision are suitable for the uses proposed and the subdivision can be developed in compliance with the applicable zoning regulations pursuant to Section 7-9-254 of the subdivision code.

The existing land use mix at the project site will not change as a result of this subdivision proposal. Section 7-9-254 of the County subdivision code relates to the parcel map's conformity with applicable zoning standards. The proposed parcel map does not include any new development.

NOW, THEREFORE, based upon the above findings, the Planning Agency of the City of Laguna Hills does hereby approve Tentative Parcel Map No. 0003-2021 (PM No. 2021-155) subject to the following conditions of approval:

General

1. The following Conditions of Approval shall be binding and enforceable against, and, whenever used herein, the term "Applicant" shall mean and refer to, each of the following: The Project Applicant, CGM Development, LLC, on behalf of Laguna Valencia, LLC, the owner(s) and tenant(s) of the property, and each of their respective successors and assigns.
2. Unless the context dictates otherwise, whenever the term "this Project" is used in the following Conditions of Approval, it shall collectively refer to the Tentative Parcel Map No. 0003-2021 (PM No. 2021-155) approved pursuant to this Resolution, as well as the plans, studies, and exhibits submitted to the City by the Applicant to describe and depict the improvements to be constructed as a part of the Project, and as otherwise modified by these Conditions of Approval.
3. To the fullest extent permitted by law, the Applicant shall, at its sole cost and expense, protect, defend, indemnify, and hold harmless the City, its elected and appointed officers and officials, employees, agents, departments, agencies, authorized volunteers, consultants, attorneys, boards, commissions, and committees, and instrumentalities thereof ("Indemnitees"), from and against any and all claims, liabilities, losses, fines, demands, penalties, lawsuits, writs of mandamus, and any other claims or actions or proceedings of any kind whatsoever (whether legal, equitable, declaratory, administrative or adjudicatory in nature), and alternative dispute resolution procedures (including, but not limited to, arbitrations, mediations, and other such procedures), judgments, orders and decisions (collectively "Claims" and "Actions"), brought against the Indemnitees, which seek to attack, challenge, modify, set aside, void, or annul any action of or any permit or approval issued by the Indemnitees (including actions approved by the voters of the City) for, in connection with,

or concerning the approval of this Project. It is expressly understood and agreed that the City shall have the right to approve, which approval will not be unreasonably withheld, the legal counsel providing the defense of the Indemnitees for the Claims and Actions, and that the Applicant shall promptly reimburse the City for all costs and expenses directly and necessarily incurred by the City in the course of the defense, including reasonable attorneys' fees. The City shall promptly notify the Applicant of any Claims and Actions brought against the Indemnitees and shall cooperate in the defense of any such Claims and Actions. If the Applicant fails to so defend the Claims and Actions, the City shall have the right but not the obligation to do so and, if it does, the Applicant shall promptly pay the City's full cost thereof.

4. Approval of this Project constitutes approval of the proposed Project only to the extent that it complies with the City's Development Code and any other applicable zoning regulations. Approval does not include any action or findings as to compliance or approval of the Project regarding any other applicable ordinance, regulation, or requirement.
5. Failure to abide by and faithfully comply with any and all conditions of approval shall constitute grounds for revocation of this Project by the Laguna Hills Planning Agency.
6. The Applicant shall agree in writing to these conditions of approval within 30 days of the Planning Agency's approval.
7. Within 48 hours from Project approval, the Applicant shall submit to the City a check in the amount of \$50.00, made payable to the Orange County Clerk-Recorder, for filing the Notice of Determination.
8. The conditions of Project approval set forth herein include certain development impact fees and other exactions. Pursuant to Government Code §66020(d), these conditions constitute written notice of the amount of such fees, and/or exactions. The Applicant is hereby notified that the 90-day protest period in which the Applicant may protest the fees, dedications, reservation, or exactions imposed on this Project through the Conditions of Approval, commencing from the date of approval of the Project, has begun.
9. Pursuant to City Council Resolution No. 2017-07-11-2, the Applicant shall reimburse the City for any outstanding staff time spent on the processing of this Project within 60 days of the Planning Agency's approval.
10. A Final Parcel Map shall be recorded within two (2) years of May 10, 2022, unless the Applicant has filed a request for extension consistent with the provisions of City requirements and the California Subdivision Map Act.

11. Prior to or concurrent with recordation of the Final Parcel Map, the Applicant shall record a declaration, covenant, agreement, reciprocal easement agreement, or other instrument, in a form approved by the City Attorney and City Manager, which provides for continued (a) reciprocal pedestrian and vehicular access and circulation between all parcels; (b) reciprocal parking between all parcels; (c) reciprocal easements for common utility facilities serving all parcels; and (d) establishing a condominium association to facilitate management and maintenance of the property. The instrument shall be consistent with the approved tentative parcel map, shall be enforceable by the City, shall run with the land, shall bind all current and future owners and tenants of all or portions of all parcels, shall provide that violation of the terms of the instrument constitute a violation of these conditions of approval, and shall not be modified or terminated without prior written approval from the City, which approval shall not be unreasonably delayed or withheld.
12. Prior to the issuance of any Building Permits, the Applicant shall prepare a Final Subdivision Map in accordance with City, County, and State requirements and standards. The Applicant shall submit the Final Subdivision Map for plan check to both the City Engineer and County Surveyor and pay all applicable plan check fees to both agencies. The Applicant shall submit a current title report, supporting documents, and traverse closure calculations for plan check. Following recordation of the Final Subdivision Map, the Applicant shall provide the City with a duplicate Mylar of the recorded document.

PASSED, APPROVED, AND ADOPTED this 10th day of May 2022.

DAVE WHEELER, CHAIR

ATTEST:

MELISSA AU-YEUNG, CITY CLERK

STATE OF CALIFORNIA)
COUNTY OF ORANGE) ss
CITY OF LAGUNA HILLS)

I, Melissa Au-Yeung, City Clerk of the City of Laguna Hills, California, DO
HEREBY CERTIFY that the foregoing is a true and correct copy of Resolution
No. PA2022-05-10-X adopted by the Planning Agency of the City of Laguna Hills,
California, at a Regular Meeting thereof held on the 10th day of May 2022, by the following
vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

MELISSA AU-YEUNG, CITY CLERK



Laguna Valencia, LLC

July 16, 2021

City of Laguna Hills
Attn: Community Development
24035 El Toro Road
Laguna Hills, CA 92653

RE: 24953 Paseo De Valencia Building B, Laguna Hills, CA 92653
Letter of Justification

City of Laguna Hills:

CGM Development is a full-service real estate development company based in Irvine. We are a vertically integrated firm, serving the development, construction, and brokerage needs of our clients – Peichin Lee, our Principal, is the developer, licensed contractor, and licensed real estate broker. CGM has developed projects ranging from custom homes to neighborhood centers to commercial condominiums (our current focus). Our developments are mainly located in the eastern San Gabriel Valley area, with a few positioned in northern Orange County. We are looking for our first development project in the city of Laguna Hills.

1. General project description

- a. The subject property is located at 24953 Paseo De Valencia Building B, Laguna Hills, CA 92653 and has an APN of 620-341-08. The subject is located in a development of 3 individual office buildings (Medical Arts Center) that share parking, ingress/egress, and common area. The gross square footage of the building is approximately 28,837. For the Medical Arts Center, there are three buildings of approximately 20,736, 28,837, and 21,208 square feet for a total of approximately 70,781 square feet for the entire Center. Building A has 12 covered parking spots, Building B has 11 covered parking spots, and the parking lot has 233 parking spots for a total of 256 total parking spots for the entire Center.
- b. CGM has purchased the subject property in order to place a new parcel map on the building which subdivides the property into approximately sixteen individual airspace office condominiums – each condo with its own marketable title. CGM will not be adding any square footage, but may be performing some cosmetic renovations to upgrade the look of the building and make it more marketable.

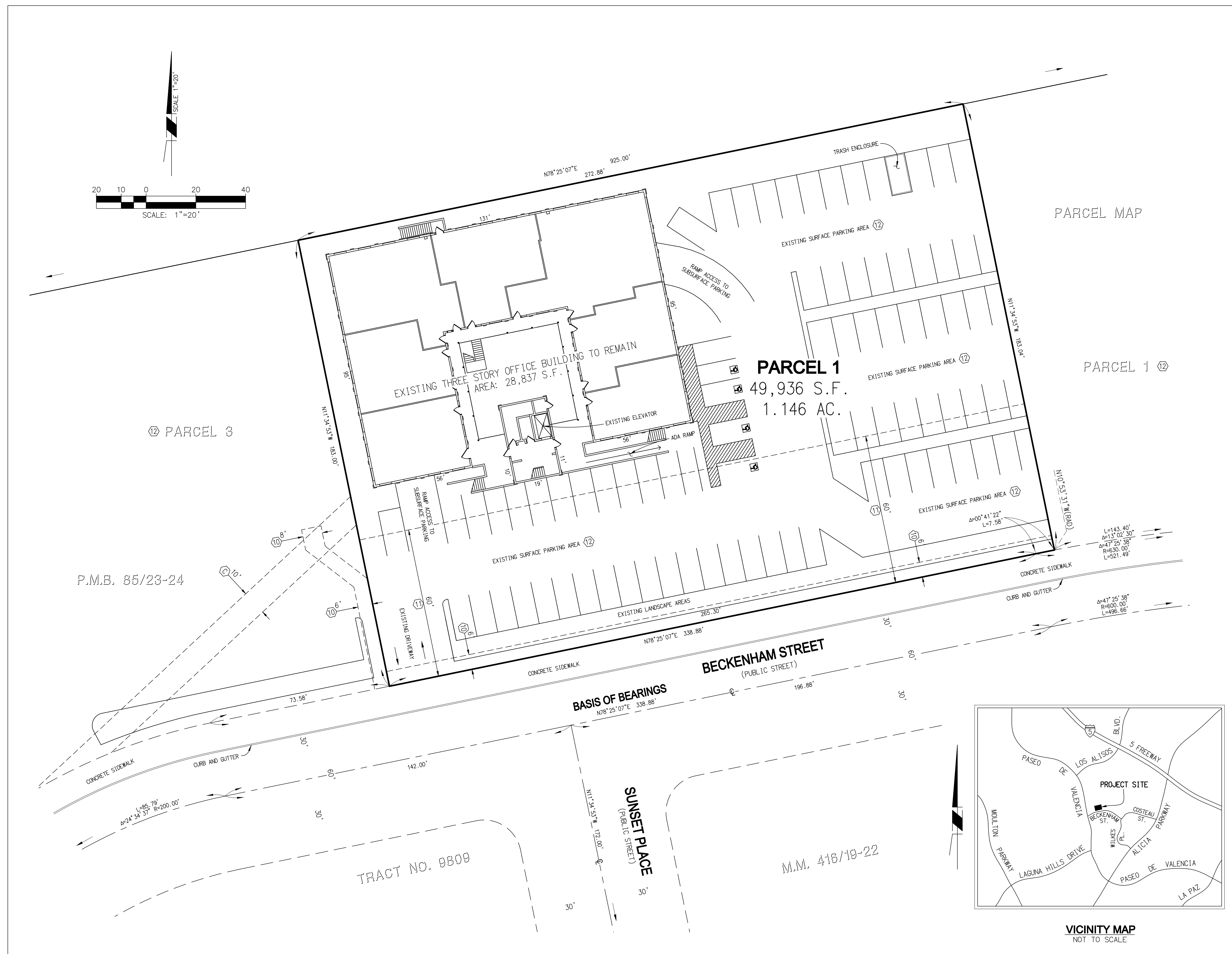
If you have any questions or concerns, please email me at gordonl@cgmdev.com. We look forward to hearing the City's feedback. Thank you for your time.

Best Regards,

A handwritten signature in blue ink, appearing to read "Gordon Lau", is written over a blue circular stamp.

Gordon Lau
CGM Development, LLC

DATE: JULY 14, 2021

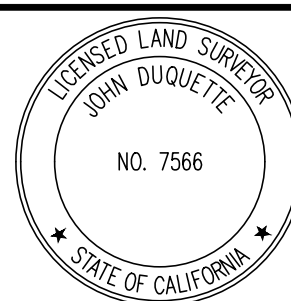


OWNER/SUBDIVIDER :
CGM DEVELOPMENT, LLC
GORDON LAU
17877 VON KARMAN AVENUE #388
IRVINE, CA 92614
O: (949) 885-9878 #701


SIGNATURE
Gordon Lau, Director of Development
PRINT NAME AND TITLE

John Duggett

JOHN DUQUETTE P.L.S. 7566

[illegible]

Michael Baker
INTERNATIONAL

5 Hutton Centre Drive,
Suite 500
Santa Ana, CA 92707
Phone: (949) 472-3505
MBAKERINTL.COM

TENTATIVE PARCEL MAP NO. 2021-155
COMMERCIAL CONDOMINIUM PURPOSES
 IN THE CITY OF LAGUNA HILLS,
 COUNTY OF ORANGE,
 STATE OF CALIFORNIA

PROJECT NO.	1846.31
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G-102



City of Laguna Hills

City Council/Planning Agency

Staff Report

DATE: May 10, 2022

TO: Mayor and Council Members

FROM: Amber M. Shah P.E.
Associate Civil Engineer

ISSUE: Public Hearing on 2022 Weed, Rubbish, and Refuse Abatement

RECOMMENDATION: That the City Council: 1) Conduct a Public Hearing, receive and consider all objections; and 2) Adopt a Resolution entitled: "A Resolution of the City Council of the City of Laguna Hills, California, issuing an abatement order and authorizing the Acting Public Services Director to commence enforcing weed, rubbish, and refuse abatement against specified parcels of land."

SUMMARY:

This is the time and place scheduled for the first Public Hearing for the Annual Weed Abatement Program. The Public Services Department requests the City Council conduct the required Public Hearing, receive public testimony, and adopt a Resolution issuing an abatement order authorizing the Acting Public Services Director to abate and remove all weeds, rubbish, refuse and/or dirt on specified parcels in the City of Laguna Hills.

BACKGROUND:

On April 12, 2022, the City Council adopted Resolution No. 2022-04-12-1, thereby commencing the Weed Abatement Program for 2022 in accordance with the requirements and procedures set forth in Government Code Section 39560 *et seq.* The objective of the Weed Abatement Program is to declare by Resolution as a public nuisance, and abate, all weeds growing upon the streets, sidewalks, or private property in the City, and all rubbish, refuse and dirt upon parkways, sidewalks, or private property in the City as identified and described in the 2022 Weed Abatement List, as submitted on April 12, 2022, for health and safety purposes, for management of fire

Public Hearing on 2022 Weed, Rubbish, and Refuse Abatement
May 10, 2022
Page 2

hazards, and to provide a reasonable degree of fire safety to both improved and unimproved properties.

Resolution No. 2022-04-12-1 commenced the 2022 Weed Abatement Program by declaring the weeds, rubbish, refuse, and/or dirt on parcels identified in the 2022 Weed Abatement List to be a public nuisance and authorized the City Clerk to send written notice of the proposed public nuisance abatement to all persons owning property identified and described in the 2022 Weed Abatement List and advising them to remove any and all weeds, rubbish, refuse, and/or dirt that, when dry, become a fire hazard.

On April 13, 2022, the City mailed the legally required notice to destroy weeds and remove rubbish, refuse, and/or dirt to all affected property owners identified on the 2022 Weed Abatement List. The notice provided that if the public nuisance is not abated and removed by the owners of the parcels of land, such nuisances will be abated and removed by City authorities in accordance with the abatement procedures set forth in Government Code Section 39560 *et seq.*, in which case the cost of such removal shall be assessed upon the parcel of lands from which or in front of which such weeds, rubbish, refuse and/or dirt, are removed and that upon confirmation such cost will constitute a lien upon such parcel or lands until paid.

Pursuant to the April 13, 2022, mailed notice, affected property owners have been given until May 31, 2022, to abate and remove the weeds, rubbish, refuse and/or dirt on their property at their sole cost and expense. The notice further provided that the City Council will hear and consider all property owner objections and protests to the proposed public nuisance abatement as part of a Public Hearing process to have been conducted on May 10, 2022, at 7:00 p.m. or as soon thereafter as possible. As of the time of this writing, City staff has observed some of the property owners have begun to take steps to clear the weeds on their property.

The City Council is requested to open the Public Hearing, receive and consider public testimony, and adopt a Resolution allowing or overruling any objections, authorizing the Acting Public Services Director to abate and remove the weeds, rubbish, refuse, and/or dirt on the parcels identified and described on the 2022 Weed Abatement List, and report in writing to the City Council on July 12, 2022, regarding the cost of abatement. Any objections by the property owners liable to be assessed for the costs of abatement will be heard by the City Council on July 12, 2022. Pursuant to the State law, upon issuance of the abatement order through the adoption of the attached Resolution, the City Council acquires jurisdiction to proceed and perform the work of removal.

Public Hearing on 2022 Weed, Rubbish, and Refuse Abatement
May 10, 2022
Page 3

FISCAL IMPACT:

The 2021/2022 Fiscal Year Budget for the Annual Weed Abatement Program is \$52,000. Some of these costs may be recovered as an assessment upon the private parcels requiring abatement, if any. The majority of the expenditures relate to the annual weed abatement clearing of City-owned properties.

ATTACHMENTS:

- Proposed Resolution

RESOLUTION NO. 2022-05-10-X

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, ISSUING AN ABATEMENT ORDER AND AUTHORIZING THE ACTING PUBLIC SERVICES DIRECTOR TO COMMENCE ENFORCING WEED, RUBBISH, AND REFUSE ABATEMENT AGAINST SPECIFIED PARCELS OF LAND

WHEREAS, on April 12, 2022, the City Council adopted Resolution No. 2022-04-12-1, thereby commencing the Weed Abatement Program for 2022 in accordance with the requirements and procedures set forth in Government Code Section 39560 *et seq.*; the objective of the Weed Abatement Program is to declare by resolution as a public nuisance, and abate, all weeds growing upon the streets, sidewalks, or private property in the City, and all rubbish, refuse, and dirt upon parkways, sidewalks, or private property in the City, as identified and described in the 2022 Weed Abatement List, for health and safety purposes, for management of fire hazards, and to provide a reasonable degree of fire safety to both improved and unimproved properties; and

WHEREAS, Resolution No. 2022-04-12-1 commenced the 2022 Weed Abatement Program by declaring the weeds, rubbish, refuse and/or dirt on specified parcels of land identified in the 2022 Weed Abatement List to be a public nuisance and authorized the City Clerk to send written notice of the proposed public nuisance abatement to all persons owning property identified and described in the 2022 Weed Abatement List and advising them to remove any and all weeds, rubbish, refuse and/or dirt that, when dry, become a fire hazard; and

WHEREAS, on April 13, 2022, the City mailed the legally required notice to destroy weeds and remove rubbish, refuse, and dirt; the notice provided that if the public nuisance is not abated and removed by the owners of the affected parcels of land by May 31, 2022, such nuisances will be abated and removed by City authorities in accordance with the abatement procedures set forth in Government Code §39560 *et seq.*, in which case the cost of such removal shall be assessed upon the parcel of lands from which or in front of which such weeds, rubbish, refuse, and/or dirt are removed and that upon confirmation such cost will be constitute a lien upon such parcel or lands until paid; and

WHEREAS, the legally required mailed notice sent to the affected property owners provided that the City Council will hear and consider all property owner objections and protests to the proposed public nuisance abatement as part of a Public Hearing process conducted on May 10, 2022; and

WHEREAS, during the May 10, 2022, Public Hearing, the City Council heard and considered all objections and protests presented by property owners and other interested parties to the proposed public nuisance abatement and removal of all weeds, rubbish, refuse, and/or dirt on specified parcels identified and described in the 2022 Weed Abatement List.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, DOES RESOLVE, DECLARE, DETERMINE, AND ORDER AS FOLLOWS:

SECTION 1. After hearing all objections and protests during the Public Hearing, the City Council hereby determines not to allow any objections.

SECTION 2. Pursuant to Government Code Section 39560 *et seq.*, the City Council hereby issues an abatement order and authorizes the Acting Public Services Director to abate and remove by use of City authorities all weeds, rubbish, refuse, and/or dirt on specified parcels as identified and described in the 2022 Weed Abatement List.

SECTION 3. By adoption of this Resolution, the City Council hereby acquires jurisdiction to proceed and perform the work of weed, rubbish, refuse, and/or dirt removal on specified parcels, pursuant to Government Code Section 39569.

SECTION 4. It is the intention of the City Council to assess the amount of the City's cost for the abatement of the public nuisances upon the specified parcels of land identified and described on the 2022 Weed Abatement List. Such assessments against the respective parcels of land shall constitute a lien.

SECTION 5. The Acting Public Services Director shall keep an account of the cost of abatement on each separate parcel of land where removal work is performed and shall submit to the City Council for confirmation an itemized written report showing such abatement costs. Pursuant to Government Code section 39575, a copy of the report shall be posted for at least three (3) days prior to its submission to the City Council on or near the City Council Chamber doors, with a notice of the time of submission. Pursuant to Government Code section 39576, such report shall be submitted to the City Council on July 12, 2022, which date shall be fixed for receiving and considering the report and during such time the City Council shall hear it with any objections of the property owners liable to be assessed for the abatement.

SECTION 6. The decision of the City Council to issue this abatement order is final.

PASSED, APPROVED, AND ADOPTED this 10th day of May 2022.

DAVE WHEELER, MAYOR

ATTEST:

MELISSA AU-YEUNG, CITY CLERK

STATE OF CALIFORNIA)
COUNTY OF ORANGE) ss
CITY OF LAGUNA HILLS)

I, Melissa Au-Yeung, City Clerk of the City of Laguna Hills, California, DO
HEREBY CERTIFY that the foregoing is a true and correct copy of Resolution No.
2022-05-10-X adopted by the City Council of the City of Laguna Hills, California, at a
Regular Meeting thereof held on the 10th day of May 2022, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

(SEAL)

MELISSA AU-YEUNG, CITY CLERK

Attachment: Proposed Resolution (2842 : Public Hearing on 2022 Weed, Rubbish, and Refuse Abatement)



City of Laguna Hills

City Council/Planning Agency

Staff Report

DATE: May 10, 2022
TO: Mayor and Council Members
FROM: Janine Heft
Mayor Pro Tempore
ISSUE: Discussion of Directed Police Services Enforcement

RECOMMENDATION: Mayor Pro Tempore Heft recommends that the City Council discuss directed Police Services enforcement and the potential necessary Budget Amendment to fund the additional services.
