



CITY OF LAGUNA HILLS CITY COUNCIL/PLANNING AGENCY

REGULAR MEETING AGENDA Tuesday, May 8, 2018 – 7:00 PM (Closed Session at 6:00 PM when scheduled)

Mel Carruth, Mayor

Dore J. Gilbert, M.D., Mayor Pro Tempore

Barbara D. Kogerman, Council Member

Janine Heft, 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.

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 ITEMS

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

A. CONFERENCE WITH LABOR NEGOTIATORS

Pursuant to Government Code Section 54957.6(a)

City Designated Representatives: Don White, City Manager

Melissa Au-Yeung, Deputy City Manager/City Clerk

Janice Reyes, Finance Director

Employee Organization: Laguna Hills City Employee Association

City Employee Organization

B. CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION

Pursuant to Government Code Section 54956.9

Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) and paragraph (1) of subdivision (e) of Government Code Section 54956.9: (1 potential case).

C. CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION

Pursuant to Government Code Section 54956.9

Existing litigation pursuant to paragraph (1) of subdivision (d) of Government Code Section 54956.9

Names of case: Cross Complaint by City of Santa Ana for Civil Rights Violations (42 U.S.C. Sec. 1983); City of Santa Ana, Cross-Claimant, vs. City of Laguna Hills, County of Orange, and all other Orange County cities, Cross-Defendants, in the matter of Orange County Catholic Worker, et al., vs. County of Orange, the City of Anaheim, the City of Costa Mesa, the City of Orange, and the City of Santa Ana; United States District Court for the Central District of California, Southern Division; Case No. SA CV 18-0155-DOC (JDE)

D. CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION

Pursuant to Government Code Section 54956.9

Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Government Code Section 54956.9: (1 potential case).

PUBLIC COMMENT ON CLOSED SESSION ITEM(S)**ADJOURN TO CITY COUNCIL CONFERENCE ROOM**

CONVENE INTO CLOSED SESSION

The City Council will convene into Closed Session to consider the matter(s) listed above.

RECONVENE TO CITY COUNCIL CHAMBER

RECESS



CITY OF LAGUNA HILLS CITY COUNCIL/PLANNING AGENCY

REGULAR MEETING AGENDA Tuesday, May 8, 2018 – 7:00 PM

Mel Carruth, Mayor

Dore J. Gilbert, M.D., Mayor Pro Tempore

Barbara D. Kogerman, Council Member

Janine Heft, 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.

GENERAL BUSINESS - RECONVENING 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.

PLEDGE OF ALLEGIANCE: COUNCIL MEMBER SEDGWICK

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 Student Liaison Kaylie Bair

1.2 Ten Year Anniversary Award

Recommendation: That Mayor Carruth recognize Cindy Sands, Executive Assistant to the City Manager, for Ten Years of Service to the City of Laguna Hills and present a Certificate of Recognition and a gift to Ms. Sands.

1.3 Recognition of Roger Gunderson, Laguna Hills High School Teacher of the Year 2018

Recommendation: That Mayor Carruth present a Certificate of Recognition to Laguna Hills High School Teacher of the Year Roger Gunderson.

1.4 Presentation of Proclamation for "Drowning Prevention Awareness"

Recommendation: That the City Council issue a Proclamation declaring May through October as "Drowning Prevention Awareness" and that Mayor Carruth present the Proclamation to Tim Perkins, Battalion Chief, Orange County Fire Authority.

1.5 Presentation of Proclamation for "Wildfire Awareness Week"

Recommendation: That the City Council issue a Proclamation declaring May 6 through May 12, 2018 as "Wildfire Awareness Week" and that Mayor Carruth present the Proclamation to Tim Perkins, Battalion Chief, Orange County Fire Authority.

2. PUBLIC COMMENTS

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

3. CONSENT CALENDAR

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

3.1 Waive Reading in Full of all Ordinances and Resolutions on the Agenda

Recommendation: That the City Council waive reading in full of all Ordinances and Resolutions on the Agenda and declare that said titles which appear on the Public Agenda shall be determined to have been read by title and further reading waived.

3.2 Approval of Minutes for April 10, 2018, Regular Meeting

Recommendation: That the City Council approve the Minutes for the April 10, 2018, Regular Meeting.

3.3 Approval of Warrant Register for the May 08, 2018, Regular Meeting

Recommendation: That the City Council approve the Warrant Register in the amount of \$1,361,796.45.

3.4 Civic Center Third Quarter Financial Report for Fiscal Year 2017/2018

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

3.5 Proposed Office Lease with Carno Law Group for 24031 El Toro Road, Suite 210, Laguna Hills, California

Recommendation: That the City Council approve the lease with Carno Law Group, a professional law corporation, for 24031 El Toro Road, Suite 210, Laguna Hills, California, and authorize the City Manager to execute the Lease.

3.6 Resolution Amending and Restating City Council Policy No. 120 Regarding Procedures for Council Members to Place Items on Future City Council Agendas

Recommendation: That the City Council adopt a Resolution entitled: "A Resolution of the City Council of the City of Laguna Hills, California, amending and

restating City Council Policy No. 120 regarding procedures for Council Members to place items on a future City Council agenda."

3.7 Proposed Resolution Adopting New City Council Policy No. 130 Regarding Digital Device and Electronic Communications Management

Recommendation: That the City Council adopt a Resolution entitled: "A Resolution of the City Council of the City of Laguna Hills, California, Adopting City Council Policy No. 130 regarding Digital Device, Email Accounts, Electronic Communications Management, and Records Retention."

3.8 Approval of Resolutions Related to the November 6, 2018, 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 6, 2018, 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 6, 2018, 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 6, 2018."

3.9 Award of Contract for Turf Renovation, CIP No. 238-C

Recommendation: That the City Council Award the Contract for Turf Renovation, CIP No. 238-C, to CSA Holdings, Inc., dba Sports Field Services, in the Low Base Bid

Amount of \$58,460.00, reject all other bids, and authorize the Mayor to sign the Construction Contract.

3.10 Grant Application for Environmental Cleanup Program - Phase VII Catch Basin Debris Gate Project, CIP No. 412-G

Recommendation: That the City Council approve the submission of a Grant Application to the Orange County Transportation Authority for the Measure M2 Environmental Cleanup Program for the Phase VII Catch Basin Debris Gate Project and adopt a Resolution entitled: "A Resolution of the City Council of the City of Laguna Hills, California, authorizing an Application for Funds for the Measure M2 Environmental Cleanup, Tier 1 Grant Program, under Orange County Local Transportation Ordinance No. 3 for the Phase VII Catch Basin Debris Gate Project."

3.11 Periodic Review of Development Agreement No. 12-11-2137 (Ordinance No. 2012-4) Between the City of Laguna Hills and Laguna Hills Investment Company: Oakbrook Village Shopping Center Mixed Use Project

Recommendation: That the City Council: (1) Receive and file a report demonstrating the property owner's good faith compliance with the terms and conditions of the Development Agreement; and (2) Find and determine that the Laguna Hills Investment Company has complied in good faith with the terms and conditions of the Development Agreement for the 12-month period of January 2017 to January 2018.

3.12 Fiscal Year 2018/2019 Trauma Intervention Program Agreement

Recommendation: That the City Council approve the proposed Victim Support Services Agreement for Fiscal Year 2018/2019 with Trauma Intervention Programs, Inc. and authorize the City Manager to execute the Agreement.

ITEMS REMOVED FROM THE CONSENT CALENDAR

4. PLANNING AGENCY

4.1. ROLL CALL OF PLANNING AGENCY MEMBERS

4.2. PUBLIC COMMENTS

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

4.3. APPROVAL OF MINUTES FOR APRIL 10, 2018, REGULAR MEETING**4.3.1 Approval of Minutes for April 10, 2018, Regular Meeting**

Recommendation: That the Planning Agency approve the Minutes for the April 10, 2018, Regular Meeting.

4.4. ADMINISTRATIVE REPORTS**4.5. PLANNING AGENCY PUBLIC HEARINGS****PLANNING AGENCY ADJOURNMENT****5. CITY COUNCIL PUBLIC HEARINGS****5.1 Public Hearing on 2018 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 Assistant City Manager/Director of Public Services to commence enforcing weed, rubbish, and refuse abatement against specified parcels of land."

6. ADMINISTRATIVE REPORTS**6.1. City Manager****7. MATTERS AGENDIZED AND PRESENTED BY CITY COUNCIL MEMBERS****8. CITY COUNCIL MEMBER COMMENTS****9. CLOSED SESSION**

The City Council will be reconvening into Closed Session as part of the General Business Session, if necessary, for purposes of completing its Closed Session discussions in the event the City Council does not complete the Closed Session discussion between 6:00 p.m. and 7:00p.m.

PUBLIC COMMENT ON CLOSED SESSIONS ITEM(S)**ADJOURN TO CITY COUNCIL CONFERENCE ROOM****RECONVENE BACK INTO CLOSED SESSION****RECONVENE TO CITY COUNCIL CHAMBER****CLOSED SESSION REPORT****ADJOURNMENT**

The next Regular Meeting of the City Council/Planning Agency, currently scheduled for, May 22, 2018, will be cancelled. The next regularly scheduled City Council Meeting will be held June 12, 2018, 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 4, 2018, at 5:00 pm.



City Clerk

May 4, 2018**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 8, 2018
TO: Mayor and Council Members
FROM: Melissa Au-Yeung
Deputy City Manager
ISSUE: Ten Year Anniversary Award

RECOMMENDATION: That Mayor Carruth recognize Cindy Sands, Executive Assistant to the City Manager, for Ten Years of Service to the City of Laguna Hills and present a Certificate of Recognition and a gift to Ms. Sands.

SUMMARY:

At this meeting, Mayor Carruth will recognize Cindy Sands, Executive Assistant to the City Manager, for ten years of service to the City of Laguna Hills. Cindy was hired as an Administrative Assistant on April 14, 2008.

Employees are recognized when they have been with the City for five years with a Certificate of Recognition. Employees with ten, fifteen, and twenty years of service are recognized at a City Council meeting with the Mayor presenting a Certificate of Recognition and a gift.

ATTACHMENTS:

- Certificate Cindy Sands 10 Year Award



CITY OF LAGUNA HILLS

CERTIFICATE OF RECOGNITION

CINDY SANDS

Executive Assistant to the City Manager

Ten Year Service Award

WHEREAS, Cindy Sands has served as a full-time employee for the City of Laguna Hills since April 14, 2008; and

WHEREAS, it is the policy and practice of the City of Laguna Hills to attract and retain highly qualified and motivated people; and

WHEREAS, Ms. Sands has served the City of Laguna Hills in a professional, caring, and conscientious manner for ten years; and

WHEREAS, Ms. Sands' service has greatly contributed to the overall success of the City in its efforts to provide quality local government services, programs, and projects to the residents and businesses of Laguna Hills; and

WHEREAS, it is an honor to recognize the length and quality of Ms. Sands' service to the City.

NOW, THEREFORE, I, Melody Carruth, Mayor, on behalf of the City Council, do hereby express appreciation to Cindy Sands for ten years of service to the City of Laguna Hills.

Dated this 8th day of May 2018.

MELODY CARRUTH, MAYOR



City of Laguna Hills

City Council/Planning Agency

Staff Report

DATE: May 8, 2018
TO: Mayor and Council Members
FROM: Cindy Sands
Executive Assistant to City Manager
ISSUE: Recognition of Roger Gunderson, Laguna Hills High School Teacher of the Year 2018

RECOMMENDATION: That Mayor Carruth present a Certificate of Recognition to Laguna Hills High School Teacher of the Year Roger Gunderson.

SUMMARY:

The City Council will present a Certificate of Recognition to Roger Gunderson, Laguna Hills High School English Teacher, Department Chair, and long-time faculty member, as the recipient of the Laguna Hills High School Teacher of the Year 2018.

ATTACHMENTS:

- 2018 Certificate of Recognition Roger Gunderson



CITY OF LAGUNA HILLS CERTIFICATE OF RECOGNITION

ROGER GUNDERSON LAGUNA HILLS HIGH SCHOOL *Teacher of the Year 2018*

WHEREAS, Roger Gunderson was named Laguna Hills High School Teacher of the Year 2018; and

WHEREAS, Roger Gunderson has been a Laguna Hills High School English teacher for thirty-seven years; and

WHEREAS, teachers help mold future citizens through guidance and education; and

WHEREAS, during his 37-year tenure at Laguna Hills High School Mr. Gunderson served as the English Department Chair from 2001-2018; coached the LHHS Academic Decathlon Teams to 2 State Championships (1990 and 1991); served as the California Scholarship Federation Advisor from 1983-2001; established the Logic and Debate Program; and was named the Saddleback Valley Unified School District Teacher of the Year in 1986; and

WHEREAS, Roger Gunderson's many contributions to academic excellence will be remembered by Laguna Hills High School's students, faculty, and community alike.

NOW, THEREFORE, I, Melody Carruth, Mayor, on behalf of the City Council of the City of Laguna Hills, California, do hereby congratulate Roger Gunderson as the Laguna Hills High School Teacher of Year 2018 and recognize the accomplishments he has achieved during his 37 year tenure at Laguna Hills High School and his influence on the success of his students.

Dated this 8th day of May 2018

MELODY CARRUTH, MAYOR



City of Laguna Hills

City Council/Planning Agency

Staff Report

DATE: May 8, 2018
TO: Mayor and Council Members
FROM: Melissa Au-Yeung
Deputy City Manager
ISSUE: Presentation of Proclamation for "Drowning Prevention Awareness"

RECOMMENDATION: That the City Council issue a Proclamation declaring May through October as "Drowning Prevention Awareness" and that Mayor Carruth present the Proclamation to Tim Perkins, Battalion Chief, Orange County Fire Authority.

SUMMARY:

The City received a request from the Orange County Fire Authority (OCFA) to issue a Proclamation declaring the City's participation in the "Always Watch Your Child Around Water" and "Never Swim Alone" campaigns from May through October. Staff is recommending that the City Council issue the Proclamation to be presented to OCFA Battalion Chief Tim Perkins at the May 8, 2018, City Council meeting.

ATTACHMENTS:

- 2018 Proclamation Drowning Prevention Awareness



CITY OF LAGUNA HILLS

PROCLAMATION DROWNING PREVENTION AWARENESS MAY THROUGH OCTOBER

WHEREAS, drowning is the leading cause of death and disability in California for children under five years of age, and in 2017 there were 44 fatal drownings and 56 non-fatal incidents involving children in Orange County; and

WHEREAS, drowning is a major problem for adults ages 35-64, and as a result there were 16 fatal drownings and 12 non-fatal incidents for adults in 2016; and

WHEREAS, in 2016, the Orange County Fire Authority and the Orange County Health Care Agency convened the Orange County Task Force on Drowning Prevention to educate the community on ways to prevent drownings; and

WHEREAS, fatal and non-fatal drowning is a silent event, occurring in as little as two inches of water, including swimming pools, spas, lakes, the ocean, and any other body of water; and

WHEREAS, the themes of this year's water safety campaign "Always Watch Your Child Around Water" and "Never Swim Alone," in-depth information will be provided by staff on what Orange County residents can do to prevent drowning; and

WHEREAS, the initiatives set forth in the "ABCs of Water Safety" program will increase public awareness regarding proper procedures to prevent this needless tragedy; and

WHEREAS, the Orange County Fire Authority, in collaboration with the Orange County Task Force on Drowning Prevention, will be taking this opportunity to increase public awareness about drowning prevention through a diverse community outreach campaign; and

WHEREAS, the Orange County Fire Authority will launch its 24-week water safety campaign in May and continue through October.

NOW, THEREFORE, I, Melody Carruth, on behalf of the City Council of the City of Laguna Hills, California, do hereby proclaim its participation in the "Always Watch Your Child Around Water" and "Never Swim Alone" 2018 campaigns—that kick-off in May and continue through October by encouraging all families, parents, residents, schools, recreational facilities, businesses, and homeowner associations to become partners in preparedness by increasing their knowledge of proper safety measures in drowning prevention.

Dated this 8th day of May 2018.

MELODY CARRUTH, MAYOR



City of Laguna Hills

City Council/Planning Agency

Staff Report

DATE: May 8, 2018
TO: Mayor and Council Members
FROM: Melissa Au-Yeung
Deputy City Manager
ISSUE: Presentation of Proclamation for "Wildfire Awareness Week"

RECOMMENDATION: That the City Council issue a Proclamation declaring May 6 through May 12, 2018 as "Wildfire Awareness Week" and that Mayor Carruth present the Proclamation to Tim Perkins, Battalion Chief, Orange County Fire Authority.

SUMMARY:

The City received a request from the Orange County Fire Authority (OCFA) to issue a Proclamation declaring May 6 – 12, 2018 as "Wildfire Awareness Week". Staff is recommending that the City Council issue the Proclamation to be presented to OCFA Battalion Chief Tim Perkins at the May 8, 2018, City Council Meeting.

ATTACHMENTS:

- 2018 Proclamation Wildfire Awareness Week



CITY OF LAGUNA HILLS

PROCLAMATION WILDFIRE AWARENESS WEEK MAY 6 - MAY 12, 2018

WHEREAS, last year, California experienced five of the most destructive wildfires and four of the deadliest wildfires in the state's history. More than a million acres burned, thousands of structures were destroyed and sadly, too many lives were lost. As drought conditions continue, the citizens of California must do their part to help protect themselves and our natural resources; and

WHEREAS, the ramifications of the Bark Beetle epidemic continue to increase the risk of large, devastating, destructive wildfires across the state. More than 129 million trees have already died from the combination of drought and Bark Beetles infestation. In some communities, up to 85 percent of the forest trees have been killed; and

WHEREAS, climate change in California has only magnified California's wildfire problem. The year-round wildfire danger is the new normal; there is no longer a Fire Season. With well over half of the State's top 20 largest wildfires occurring since 2002, it's clear that California's climate is becoming more susceptible to wildfires; and

WHEREAS, fire is a consistent component of California's natural environment. Many native species depend on fire for survival. Unfortunately, this natural process often conflicts with human land use. To continue to enjoy the economic and recreational benefits of our lands, we must strive to achieve a balance between California's fire ecology and the need to protect human life and property; and

WHEREAS, we must also recognize that a robust wildfire response by firefighters alone cannot protect us, and every citizen has a key role in preventing destructive wildfires from occurring. During "Wildfire Awareness Week," we should all do our part to raise public awareness of the fire season that is already upon us, and take steps to protect our homes and business, and to prevent sparking a wildfire. One less spark means one less wildfire.

NOW, THEREFORE, I, Melody Carruth, on behalf of the City Council of the City of Laguna Hills, California, do hereby proclaim May 6 - May 9, 2018, as "Wildfire Awareness Week" in Laguna Hills.

Dated this 8th day of May 2018.

MELODY CARRUTH, MAYOR



City of Laguna Hills

City Council/Planning Agency

Staff Report

DATE: May 8, 2018
TO: Mayor and Council Members
FROM: Cindy Sands
Executive Assistant to City Manager
ISSUE: Approval of Minutes for April 10, 2018, Regular Meeting

RECOMMENDATION: That the City Council approve the Minutes for the April 10, 2018, Regular Meeting.

ATTACHMENTS:

- 180410 CC Minutes

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

**REGULAR MEETING
MINUTES
Tuesday, April 10, 2018**

CLOSED SESSION - CONVENING AT 6:00 PM

CALL TO ORDER

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

ROLL CALL OF CITY COUNCIL MEMBERS

Attendee Name	Title	Status	Arrived
Mel Carruth	Mayor	Present	
Dore J. Gilbert, M.D.	Mayor Pro Tempore	Present	
Janine Heft	Council Member	Present	
Barbara D. Kogerman	Council Member	Present	
Don Sedgwick	Council Member	Present	

ANNOUNCEMENT OF CLOSED SESSION ITEMS

A. CONFERENCE WITH LABOR NEGOTIATORS

Pursuant to Government Code Section 54957.6(a):

City Designated Representatives: Don White, City Manager
Melissa Au-Yeung, Deputy City Manager/City Clerk
Janice Reyes, Finance Director

Employee Organization: Laguna Hills City Employee Association,
City Employee Organization

PUBLIC COMMENT ON CLOSED SESSION ITEM(S)

There were no Public Comments on Closed Session Item(s).

ADJOURN TO CITY COUNCIL CONFERENCE ROOM

CONVENE INTO CLOSED SESSION

The City Council convened into Closed Session to consider the matter(s) listed above.

Attachment: 180410 CC Minutes (1545 : Approval of Minutes for April 10, 2018, Regular Meeting)

RECONVENE TO CITY COUNCIL CHAMBER**RECESS****GENERAL BUSINESS -RECONVENING AT 7:00 PM****CALL TO ORDER**

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

PLEDGE OF ALLEGIANCE: COUNCIL MEMBER HEFT**ROLL CALL OF CITY COUNCIL MEMBERS**

Attendee Name	Title	Status	Arrived
Mel Carruth	Mayor	Present	
Dore J. Gilbert, M.D.	Mayor Pro Tempore	Present	
Janine Heft	Council Member	Present	
Barbara D. Kogerman	Council Member	Present	
Don Sedgwick	Council Member	Present	

CLOSED SESSION REPORT**A. CONFERENCE WITH LABOR NEGOTIATORS**

Pursuant to Government Code Section 54957.6(a):

City Designated Representatives: Don White, City Manager
Melissa Au-Yeung, Deputy City Manager/City Clerk
Janice Reyes, Finance Director

Employee Organization: Laguna Hills City Employee Association,
City Employee Organization

City Attorney Simonian stated that the City Council met in Closed Session this evening pursuant to the authority listed on the Agenda. No reportable action was taken as a result of tonight's Closed Session meeting.

1. PRESENTATIONS AND PROCLAMATIONS**1.1 Laguna Hills High School Student Liaison**

Recommendation: The City Council received an oral report from Laguna Hills High School Student Liaison Kaylie Bair.

1.2 Laguna Hills 3/5 Marine Support Committee

Recommendation: The City Council received an update from Chair Karen Robbins on the 3/5 Dark Horse Committee.

1.3 Recognition of Sabrina Astle, Carissa Long, and Maya Williams - Disneyland Resort Dreamers & Doers Honorees

Recommendation: Mayor Carruth presented Certificates of Recognition to Luminary Carissa Long and Shining Star Maya Williams; Shining Star Sabrina Astle was not present at the meeting to receive her Certificate. Jefferson Cha, District Representative, Congresswoman Mimi Walters' Office, presented Carissa Long and Maya Williams with Certificates of Special Congressional Recognition. Disney Ambassador Alexa Garcia congratulated the honorees on their achievements.

1.4 Presentation on the Interstate 5 Widening Project from State Route 73 to El Toro Road

Recommendation: The City Council received an oral report and PowerPoint presentation from Niall Barrett, Program Manager, Orange County Transportation Authority, on the upcoming Interstate 5 Widening Project from State Route 73 to El Toro Road.

2. PUBLIC COMMENTS

Laguna Hills Chamber of Commerce Events

Meg Gorham, a resident of Laguna Hills, encouraged City Council Members to attend the Laguna Hills Chamber of Commerce April Networking Lunch with a special presentation from Laguna Hills High School Principal Bill Hinds to be held on Thursday, April 12, 2018. Ms. Gorham invited all to attend SOKA University's 17th Annual International Festival to be held on Saturday, May 5, 2018. Ms. Gorham also announced the Laguna Hills High School Grad Night Preview to be held on Wednesday, June 13, 2018, at 8:00 p.m.

Sanctuary City, Drug Rehabilitation, Homelessness Concerns

Jean Michel Schlosser, a resident of Laguna Hills, voiced his concerns regarding the California "Sanctuary state" law, temporary homeless shelters, and sober living/residential recovery facilities located in the City.

3. CONSENT CALENDAR

Motion to approve the Consent Calendar:

RESULT:	APPROVED [UNANIMOUS]
MOVER:	Barbara D. Kogerman, Council Member
SECONDER:	Janine Heft, Council Member
AYES:	Mel Carruth, Mayor; Dore J. Gilbert, M.D., Mayor Pro Tempore; Janine Heft, Council Member; Barbara D. Kogerman, Council Member; Don Sedgwick, Council Member

3.1 Waive Reading in Full of all Ordinances and Resolutions on the Agenda

Recommendation: That the City Council waive reading in full of all Ordinances and Resolutions on the Agenda and declare that said titles which appear on the Public Agenda shall be determined to have been read by title and further reading waived.

3.2 Approval of Minutes for March 13, 2018, Regular Meeting

Recommendation: That the City Council approve the Minutes for the March 13, 2018, Regular Meeting.

3.3 Approval of Warrant Register for the April 10, 2018, Regular Meeting

Recommendation: That the City Council approve the Warrant Register in the amount of \$1,199,171.68.

3.4 Progress Payment No. 1, Final, for Water Quality Improvement Catch Basin Debris Gate Project, CIP No. 412F

Recommendation: That the City Council approve Progress Payment No. 1, Final, in the Net Amount of \$142,500, to G2 Construction, Inc., for Water Quality Improvement Catch Basin Debris Gate Project, CIP No. 412F, and authorize the filing of the Notice of Completion and subsequent Release of Retention in 35 Days, if no liens have been filed.

3.5 A Resolution of the City Council of the City of Laguna Hills, California, Adopting a List of Projects for Fiscal Year 2018/2019 Funded by SB 1: The Road Repair and Accountability Act of 2017

Recommendation: That the City Council adopt Resolution No. 2018-04-10-1, A Resolution of the City Council of the City of Laguna Hills, California, adopting a list of projects for Fiscal Year 2018/2019 funded by SB 1: The Road Repair and Accountability Act of 2017.

3.6 2018 Weed Abatement Program

Recommendation: That the City Council adopt Resolution No. 2018-04-10-2, A Resolution of the City Council of the City of Laguna Hills, California, declaring weeds and rubbish on specified private property to be a public nuisance, commencing public proceedings, and setting a Public Hearing for May 8, 2018.

3.7 2017 General Plan Annual Report

Recommendation: That the City Council receive the report and direct staff to forward the 2017 General Plan Annual Report and Annual Element Progress Report-Housing Implementation to the State of California.

3.8 Communications Site License Agreement Between the City of Laguna Hills, Southern California Edison Company, and Los Angeles SMSA Limited Partnership, dba Verizon Wireless

Recommendation: That the City Council approve the Communications Site License Agreement between the City of Laguna Hills, Southern California Edison Company, and Los Angeles SMSA Limited Partnership, dba Verizon Wireless, and authorize the Mayor and City Manager to execute the Agreement.

3.9 Contract with the County of Orange for Fiscal Year 2018/2019 Community Development Block Grant Funds for Public Facilities and Improvements

Recommendation: That the City Council: (1) Approve the Contract between the County of Orange and the City of Laguna Hills for Fiscal Year 2018/2019 Community Development Block Grant Funds for Public Facilities and Improvements; and (2) Authorize the City Manager to execute the Contract.

ITEMS REMOVED FROM THE CONSENT CALENDAR

There were no items removed from the Consent Calendar.

4. PLANNING AGENCY

Mayor Carruth recessed the City Council meeting and, acting in the capacity of Chair, called the Regular Meeting of the Planning Agency of the City of Laguna Hills, California, to order at 7:44 p.m.

4.1 ROLL CALL OF PLANNING AGENCY MEMBERS

Attendee Name	Title	Status	Arrived
Mel Carruth	Chair	Present	
Dore J. Gilbert, M.D.	Vice Chair	Present	
Janine Heft	Agency Member	Present	
Barbara D. Kogerman	Agency Member	Present	
Don Sedgwick	Agency Member	Present	

4.2 PUBLIC COMMENTS

There were no Public Comments.

4.3 APPROVAL OF MINUTES FOR MARCH 13, 2018, REGULAR MEETING**4.3.1 Approval of Minutes for March 13, 2018, Regular Meeting**

Recommendation: That the Planning Agency approve the Minutes for the March 13, 2018, Regular Meeting.

RESULT:	APPROVED [4 TO 0]
MOVER:	Dore J. Gilbert, M.D., Vice Chair
SECONDER:	Janine Heft, Agency Member
AYES:	Mel Carruth, Chair; Dore J. Gilbert, M.D., Vice Chair; Janine Heft, Agency Member; Barbara D. Kogerman, Agency Member
ABSTAIN:	Don Sedgwick, Agency Member

4.4 ADMINISTRATIVE REPORTS

There were no Administrative Reports.

4.5 PLANNING AGENCY PUBLIC HEARINGS

There were no Planning Agency Public Hearings.

PLANNING AGENCY ADJOURNMENT

Chair Carruth adjourned the Planning Agency and, acting in the capacity of Chair/Mayor, called the Joint Planning Agency/City Council meeting to order at 7:45 p.m.

JOINT PLANNING AGENCY/CITY COUNCIL MEETING

ROLL CALL OF JOINT PLANNING AGENCY/CITY COUNCIL MEMBERS

Attendee Name	Title	Status	Arrived
Mel Carruth	Chair/Mayor	Present	
Dore J. Gilbert, M.D.	Vice Chair/Mayor Pro Tempore	Present	
Janine Heft	Agency/Council Member	Present	
Barbara D. Kogerman	Agency/Council Member	Present	
Don Sedgwick	Agency/Council Member	Present	

PUBLIC COMMENTS

There were no Public Comments.

JOINT PLANNING AGENCY/CITY COUNCIL PUBLIC HEARINGS

Site Development Permit/Master Sign Program Amendment No. 8-17-3965 - a Request by the Laguna Hills Investment Company for a Subsequent Development Approval to Construct Two New Commercial/Retail Buildings (Approximately 20,650 Square Feet Total) and Amend the Master Sign Program for the Oakbrook Village Mixed-Use Commercial Center

Jay Wu, Senior Planner, reviewed the information provided in the Staff Report, provided a PowerPoint presentation, and responded to Planning Agency/City Council requests for additional information.

Jerrica Harding, AICP, Senior Associate, T&B Planning, Inc., spoke in favor of the project and addressed the Agency/Council in response to correspondence received from Kirby Woods regarding the Fourth Addendum to the City of Laguna Hills General Plan Final Environmental Impact Report.

Chair/Mayor Carruth opened the Public Hearing.

Paul Bernard, Vice President, Western Region, Fritz Duda Company, spoke in favor of the project and responded to Agency/Council Member requests for additional information.

Chair/Mayor Carruth closed the Public Hearing.

Recommendation: That the Planning Agency and City Council take the following actions:

- (1) Conduct a Joint Public Hearing;

(2) That the Planning Agency and City Council:

(a) Independently consider the City of Laguna Hills General Plan Program Environmental Impact Report (State Clearinghouse No. 20080811100) (PEIR) along with the Fourth Addendum to the PEIR;

(b) Find that no further environmental review is required for the proposed subsequent development approval under the California Environmental Quality Act (CEQA) pursuant to Public Resources Code Section 21166, and CEQA Guidelines Sections 15168, 15162, and 15164 for the reasons set forth in the attached Resolution; and

(c) Adopt the Fourth Addendum to the PEIR; and

(3) That the Planning Agency adopt Resolution No. PA2018-04-10-1, A Joint Resolution of the Planning Agency and City Council of the City of Laguna Hills, California, adopting a Fourth Addendum to the City of Laguna Hills Program Environmental Impact Report (State Clearinghouse No. 20080811100) and approving Site Development Permit/Master Sign Program Amendment No. 8-17-3965, a request by the Laguna Hills Investment Company for a subsequent Development Approval to construct two new commercial/retail buildings and to amend the Master Sign Program for the Oakbrook Village Mixed-Use Commercial Center, and making certain findings in connection therewith.

RESULT:	APPROVED [UNANIMOUS]
MOVER:	Barbara D. Kogerman, Agency/Council Member
SECONDER:	Don Sedgwick, Agency/Council Member
AYES:	Mel Carruth, Chair/Mayor; Dore J. Gilbert, M.D., Vice Chair/Mayor Pro Tempore; Janine Heft, Agency/Council Member; Barbara D. Kogerman, Agency/Council Member; Don Sedgwick, Agency/Council Member

JOINT PLANNING AGENCY/CITY COUNCIL MEETING ADJOURNMENT

Chair/Mayor Carruth recessed the Joint Planning Agency/City Council Meeting and reconvened the City Council Meeting at 8:17 p.m. All Council Members were present.

5. CITY COUNCIL PUBLIC HEARINGS

There were no City Council Public Hearings.

6. ADMINISTRATIVE REPORTS**6.1 City Manager**

The City Manager gave no Administrative Reports.

6.2 Deputy City Manager/Community Services

Dan Meehan, Community Services Superintendent, reviewed the information provided in the Staff Report and responded to City Council requests for additional information.

6.2.1 2018 Laguna Hills Memorial Day Half Marathon, 10K and 5K Event Report, Proposed SDG&E License Agreement for Installation of Patriotic Banner Display, and Proposed Aliso Viejo Community Association (AVCA) License to Enter and Indemnity Agreement to Access AVCA's Private Street During the Race Event

Recommendation: That the City Council: (1) Receive and file the pre-event planning report; (2) Approve and authorize the City Manager to execute the proposed SDG&E License Agreement; and (3) Approve and authorize the City Manager to execute the proposed AVCA License to Enter and Indemnity Agreement.

RESULT:	APPROVED [UNANIMOUS]
MOVER:	Dore J. Gilbert, Mayor Pro Tempore
SECONDER:	Janine Heft, Council Member
AYES:	Mel Carruth, Mayor; Dore J. Gilbert, M.D., Mayor Pro Tempore; Janine Heft, Council Member; Barbara D. Kogerman, Council Member; Don Sedgwick, Council Member

7. MATTERS AGENDIZED AND PRESENTED BY CITY COUNCIL MEMBERS

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

8. CITY COUNCIL MEMBER COMMENTS**Council Member Heft**

Council Member Heft reported that she attended the ACC-OC Orange County Roundtable Discussion on Sober Living Homes with guest speaker Florida State Attorney Dave Aronberg on Tuesday, March 20, 2018. Council Member Heft also attended the ACC-OC Legislative and Regulatory Committee in March which focused on State bills

related to sober living homes and residential recovery facilities. Council Member Heft and her daughter toured the new OC Animal Care Shelter in Tustin and reported that it is a beautiful facility. Council Member Heft voiced her concerns regarding the California "Sanctuary State" Bill (SB 54).

Mayor Carruth

Mayor Carruth reported that she attended the dedication of the El Toro Water District's Water Wise Demonstration Garden on Friday, March 30, 2018, and recommended that Council Members visit the gardens.

ADJOURNMENT

There being no further business before the City Council at this session, Mayor Carruth declared the meeting adjourned at 8:25 p.m. The next regularly scheduled City Council Meeting will be held May 8, 2018.

Melissa Au-Yeung, City Clerk

ATTEST:

Melody Carruth, Mayor

Approved at meeting of May 8, 2018.



City of Laguna Hills

City Council/Planning Agency

Staff Report

DATE: May 8, 2018
TO: Mayor and Council Members
FROM: Janice Reyes
Finance Director
ISSUE: Approval of Warrant Register for the May 08, 2018, Regular Meeting

RECOMMENDATION: That the City Council approve the Warrant Register in the amount of \$1,361,796.45.

SUMMARY:

The attached Warrant Register reflects the disbursements of the City of Laguna Hills for the period reported thereon. In accordance with Government Code Section 37202, the Director of Finance certifies to the accuracy of the attached register of demands and to the availability of monies for payment thereof. These demands are hereby submitted to the City Council for approval of payment.

ATTACHMENTS:

- Warrant Register - May 08, 2018



City of Laguna Hills, CA

Warrant Register - May 08, 2018

By Check Number

Date Range: 04/05/2018 - 04/26/2018

Check Number	Vendor Number	Vendor Name	Payment Date	Payment Amount
8814313	C-0023	COX COMMUNICATION	04/05/2018	211.78
8814314	C-1146	CYBERSOURCE CORPORATION	04/05/2018	29.00
8814315	Z-CS-0102	GARDUNO, JULIAN	04/05/2018	500.00
8814316	Z-CS-0103	MCKNIGHT, DONALD	04/05/2018	99.00
8814317	P-1804	PATROL ONE	04/05/2018	343.00
8814318	R-1971	ROACH, DAVID	04/05/2018	500.00
8814319	R-1841	ROSENFELD, KEN	04/05/2018	1,246.44
8814320	Z-CS-0100	SANTOS, HERNANDEZ RUBEN	04/05/2018	500.00
8814321	S-1904	SOUTHERN CALIFORNIA EDISON	04/05/2018	1,107.36
8814322	S-2250	SPARKLETTS	04/05/2018	147.57
8814323	Z-CS-0101	SUZUKI, YUMI	04/05/2018	250.00
8814324	W-2302	WEST PUBLISHING CORPORATION THOMSON REUTERS - WEST	04/05/2018	219.66
8814325	A-0254	A. C. LANDSCAPE, INC.	04/12/2018	2,568.75
8814326	A-0130	AAA AWARDS & MONOGRAMMING	04/12/2018	151.93
8814327	A-0138	ALL CITY MANAGEMENT, INC.	04/12/2018	8,635.20
8814328	A-0359	ANDERSON PENNA PARTNERS, INC.	04/12/2018	5,961.25
8814329	A-0358	ARDO, KARL	04/12/2018	175.00
8814330	A-0331	AT&T MOBILITY	04/12/2018	6.00
8814331	B-0276	BANK OF AMERICA BANKCARD CENTER	04/12/2018	8,534.99
8814332	B-0304	BEE MAN, THE	04/12/2018	300.00
8814333	B-0229	BSN SPORTS	04/12/2018	1,886.01
8814334	C-0412	C&D ELECTRIC, INC.	04/12/2018	901.45
8814335	C-1102	CALIFORNIA BUILDINGS STANDARDS COMMISSION	04/12/2018	516.00
8814336	C-1197	CARE AMBULANCE SERVICE, INC.	04/12/2018	960.00
8814337	S-2162	CARLSEN, SANDY	04/12/2018	16.35
8814338	C-1144	CHARLES ABBOTT ASSOCIATES, INC	04/12/2018	19,326.64
8814339	C-1096	CODE PUBLISHING COMPANY, INC.	04/12/2018	91.80
8814340	C-1139	COMPLETE OFFICE OF CALIFORNIA	04/12/2018	278.66
8814341	C-1176	COMPUTER SERVICE CO.	04/12/2018	4,745.65
8814342	C-0023	COX COMMUNICATION	04/12/2018	170.62
8814343	D-0453	DEPARTMENT OF CONSERVATION	04/12/2018	1,765.99
8814344	D-0561	DOCU-TRUST LAGUNA VAULT	04/12/2018	75.00
8814345	D-0552	DUNBAR ARMORED, INC.	04/12/2018	144.77
8814346	C-1190	FINGERPRINT ID (AFIS) LAW ENF. - COUNTY OF ORANGE	04/12/2018	1,129.00
8814347	G-0821	G2 CONSTRUCTION INC.	04/12/2018	142,500.00
8814348	G-0791	GORMAN, RON	04/12/2018	346.50
8814349	G-0844	GREEN MART, INC.	04/12/2018	926.65
8814350	H-0829	HARTZOG & CRABILL, INC.	04/12/2018	4,268.07
8814351	H-0804	HINDERLITER, DE LLAMAS & ASSOC., INC.	04/12/2018	2,752.37
8814352	H-0960	HR GREEN PACIFIC, INC.	04/12/2018	6,770.82
8814353	I-0942	IRVINE RANCH WATER DISTRICT	04/12/2018	94.24
8814354	J-1057	JAMEY CLARK, INC.	04/12/2018	608.44
8814355	J-1071	JCTEES.COM CORPORATION	04/12/2018	787.37
8814356	K-1126	KNIGHT, LORNA ANGELA	04/12/2018	1,178.10
8814357	L-1250	LOCAL GOVERNMENT PUBLICATIONS	04/12/2018	143.56
8814358	M-1388	MOBILE MINI, INC.	04/12/2018	82.97
8814359	M-1302	MOULTON NIGUEL WATER DISTRICT	04/12/2018	8,285.25
8814360	N-1474	NIEVES LANDSCAPE, INC.	04/12/2018	82,738.84
8814361	O-1546	OFFICE SOLUTIONS	04/12/2018	478.13
8814362	O-1575	ORANGE COUNTY REGISTER-FREEDOM CA. NEWSPAPER PARTNERSHIP	04/12/2018	981.00
8814363	Q-1715	QUESTYS SOLUTIONS	04/12/2018	400.00
8814364	R-1934	RENEGADE RACING MAKE-U-FIT PRODUCTIONS	04/12/2018	8,000.00
8814365	R-1946	RK ENGINEERING GROUP, INC.	04/12/2018	5,490.00
8814366	S-1902	SAN DIEGO GAS & ELECTRIC	04/12/2018	12,387.80

Attachment: Warrant Register - May 08, 2018 (1559 : Approval of Warrant Register for May 08, 2018)

Warrant Register - May 08, 2018

Date Range: 04/05/2018 - 04/26/2018

Check Number	Vendor Number	Vendor Name	Payment Date	Payment Amount
8814367	S-2276	SEDGWICK, DON	04/12/2018	111.00
8814368	S-1904	SOUTHERN CALIFORNIA EDISON	04/12/2018	9,035.90
8814369	S-2095	STONE IMAGERY	04/12/2018	96.97
8814370	S-2209	STUDIO TWO BLACK DIAMOND	04/12/2018	193.95
8814371	S-2201	SUNSET PROPERTY SERVICES JONSET CORPORATION	04/12/2018	10,217.69
8814372	T-2698	TPX COMMUNICATIONS	04/12/2018	1,362.17
8814373	U-2165	UNDERGROUND SERVICE ALERT OF SOUTHERN CALIFORNIA	04/12/2018	64.45
8814374	V-2249	US BANK VOYAGER FLEET SYSTEM	04/12/2018	1,141.81
8814375	V-2224	VERIZON WIRELESS	04/12/2018	881.61
8814376	W-2337	WEST COAST ARBORISTS, INC.	04/12/2018	377.10
8814377	W-2302	WEST PUBLISHING CORPORATION THOMSON REUTERS - WEST	04/12/2018	219.66
8814378	X-2400	XEROX CORPORATION	04/12/2018	861.72
8814379	A-0368	AARON TROMP MEDIA	04/19/2018	600.00
8814380	Z-CS-0104	ALPHA PHI ALPHA	04/19/2018	500.00
8814381	A-0365	AT&T - CALNET 3	04/19/2018	99.08
8814382	C-1184	CEP AMERICA AUC PC	04/19/2018	100.00
8814383	C-0023	COX COMMUNICATION	04/19/2018	1,046.18
8814384	D-0423	DIVISION OF STATE ARCHITECT STATE OF CALIFORNIA	04/19/2018	149.20
8814385	Z-CS-0105	EL TORO CHEER & DANCE BOOSTERS	04/19/2018	500.00
8814386	J-1071	JCTEES.COM CORPORATION	04/19/2018	319.97
8814387	L-1379	LAGUNA NIGUEL COMMUNITY THEATRE	04/19/2018	5,166.00
8814388	M-1552	MARTIN-RUSK, DINA	04/19/2018	428.40
8814389	R-1830	RALPHS GROCERY COMPANY	04/19/2018	78.90
8814390	S-1902	SAN DIEGO GAS & ELECTRIC	04/19/2018	31,277.63
8814391	S-1904	SOUTHERN CALIFORNIA EDISON	04/19/2018	257.78
8814392	S-2250	SPARKLETTS	04/19/2018	108.87
8814393	Z-CS-0068	TAFOLLA, ERIK	04/19/2018	250.00
8814394	T-2605	TUTTLE CLICK FORD	04/19/2018	2,180.18
8814395	W-2300	WHITE, DONALD	04/19/2018	300.00
8814396	N-1474	NIEVES LANDSCAPE, INC.	04/19/2018	82,557.59
8814397	A-0138	ALL CITY MANAGEMENT, INC.	04/26/2018	2,158.80
8814398	A-0141	APWA	04/26/2018	550.00
8814399	A-0360	ARC DOCUMENT SOLUTIONS, LLC	04/26/2018	163.91
8814400	B-0430	BASICS OF SKATEBOARDING	04/26/2018	315.00
8814401	B-0411	BUCKNAM & ASSOCIATES, INC.	04/26/2018	2,622.50
8814402	C-0412	C&D ELECTRIC, INC.	04/26/2018	617.44
8814403	C-1177	CANON FINANCIAL SERVICES, INC.	04/26/2018	500.75
8814404	C-1179	CANON SOLUTIONS AMERICA	04/26/2018	341.20
8814405	C-1022	CDW GOVERNMENT, INC.	04/26/2018	44.73
8814406	C-1139	COMPLETE OFFICE OF CALIFORNIA	04/26/2018	772.95
8814407	C-1176	COMPUTER SERVICE CO.	04/26/2018	15,074.28
8814408	C-0023	COX COMMUNICATION	04/26/2018	434.79
8814409	C-1158	CREATIVE KIDS PLAYHOUSE CHILDRENS THEATRE OF OC	04/26/2018	2,063.60
8814410	D-0461	DATA TICKET, INC.	04/26/2018	488.10
8814411	D-0571	DUNCAN, DAVID	04/26/2018	500.00
8814412	D-0570	DURHAM, MATT	04/26/2018	87.20
8814413	E-0554	ECONOMICS, INC.	04/26/2018	4,380.01
8814414	E-0593	EISENBERG, DALE	04/26/2018	1,055.25
8814415	E-0553	ELKINS, CHRISTINA	04/26/2018	182.00
8814416	F-0604	FEDERAL EXPRESS CORPORATION	04/26/2018	16.30
8814417	G-0821	G2 CONSTRUCTION INC.	04/26/2018	7,500.00
8814418	H-0959	HABASH, JOHN	04/26/2018	50.40
8814419	H-0805	HARRINGTON GEOTECH ENGINEERING	04/26/2018	590.00
8814420	H-0934	HOME DEPOT	04/26/2018	30.13
8814421	H-0960	HR GREEN PACIFIC, INC.	04/26/2018	16,947.50
8814422	I-0981	ICF JONES & STOKES, INC.	04/26/2018	3,271.25
8814423	I-0920	ICMA	04/26/2018	200.00
8814424	J-1057	JAMEY CLARK, INC.	04/26/2018	1,020.64
8814425	J-1071	JCTEES.COM CORPORATION	04/26/2018	405.83
8814426	G-0709	JOE A. GONSALVES & SON	04/26/2018	2,900.00
8814427	K-1193	KOSMONT COMPANIES	04/26/2018	3,952.00

Attachment: Warrant Register - May 08, 2018 (1559 : Approval of Warrant Register for May 08, 2018)

Warrant Register - May 08, 2018

Date Range: 04/05/2018 - 04/26/2018

Check Number	Vendor Number	Vendor Name	Payment Date	Payment Amount
8814428	M-1513	MEEHAN, DANIEL	04/26/2018	1,250.00
8814429	M-1502	MIGLIACCIO, JENNIFER	04/26/2018	4,550.00
8814430	M-1593	MIMS, JEREMY	04/26/2018	50.00
8814431	M-1396	MONOGRAM MAGIC	04/26/2018	239.12
8814432	M-1302	MOULTON NIGUEL WATER DISTRICT	04/26/2018	3,706.69
8814433	M-1592	MOYLE, DAVID	04/26/2018	500.00
8814434	M-1535	MUSIC MOVES ACADEMY, INC.	04/26/2018	1,437.80
8814435	N-1484	NICHOLS CONSULTING	04/26/2018	900.00
8814436	O-1546	OFFICE SOLUTIONS	04/26/2018	793.64
8814437	C-1003	PARKING VIOLATIONS OC TREASURER-TAX COLLECTOR	04/26/2018	1,265.00
8814438	P-1829	PEST OPTIONS, INC.	04/26/2018	225.00
8814439	R-1813	RPW SERVICES, INC.	04/26/2018	1,560.00
8814440	R-1967	RUSSELL, RICHARD WYATT	04/26/2018	2,828.00
8814441	S-2267	SINTA DESIGN	04/26/2018	980.00
8814442	S-1904	SOUTHERN CALIFORNIA EDISON	04/26/2018	705.52
8814443	S-2209	STUDIO TWO BLACK DIAMOND	04/26/2018	228.24
8814444	T-2663	THE ACTIVE NETWORK	04/26/2018	1,771.43
8814445	T-2703	TOWNEND, TOSH	04/26/2018	50.00
8814446	T-2042	TRAUMA INTERVENTION PROGRAMS	04/26/2018	910.32
8814447	T-2656	TYLER TECHNOLOGIES, INC.	04/26/2018	500.00
8814448	W-2337	WEST COAST ARBORISTS, INC.	04/26/2018	6,168.55
8814449	W-2441	WEST COAST MOVEMENT PROJECT, LLC	04/26/2018	14,868.00
8814450	W-2377	WILLDAN ENGINEERING	04/26/2018	810.00
8814451	R-1801	WOODRUFF, SPRADLIN & SMART	04/26/2018	89,242.75
DFT0000208	C-1007	LAW ENFORCEMENT ORANGE COUNTY-	04/11/2018	663,821.04

Bank Code AP Bank Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	200	139	0.00	697,975.41
Manual Checks	0	0	0.00	0.00
Voided Checks	0	0	0.00	0.00
Bank Drafts	1	1	0.00	663,821.04
EFT's	0	0	0.00	0.00
	201	140	0.00	1,361,796.45

Attachment: Warrant Register - May 08, 2018 (1559 : Approval of Warrant Register for May 08, 2018)



City of Laguna Hills

City Council/Planning Agency

Staff Report

DATE: May 8, 2018

TO: Mayor and Council Members

FROM: Melissa Au-Yeung
Deputy City Manager

ISSUE: Civic Center Third Quarter Financial Report for Fiscal Year 2017/2018

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

SUMMARY:

This Civic Center Third Quarter Financial Report for Fiscal Year 2017/2018 is intended to provide the City Council with an overview of the Civic Center leasing operation finances over the January 2018 through March 2018 period.

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, 2018, the balance sheet shows equity of \$8,673,009.

Table 1: Abridged Balance Sheet
As of March 31, 2018

ASSETS	
Total Current Assets	\$ 295,699
Total Fixed Assets	\$ 8,377,311
TOTAL ASSETS	\$ 8,673,009
 LIABILITY & EQUITY	
Total Current Liabilities	\$ 68,010
Total Equity	\$ 8,604,999
TOTAL LIABILITIES & EQUITY	\$ 8,673,009

Civic Center Third Quarter Financial Report for FY 17/18

May 8, 2018

Page 2

**Table 2: Income Statement Summary
For the Period Ended March 31, 2018**

	Actuals	Budgeted	Variance
Total Income	\$ 510,020	\$ 479,626	\$ 30,394
Total Expenses	\$ 365,847	\$ 384,535	\$ (18,688)
NET INCOME/(LOSS)	<u>\$ 144,173</u>	<u>\$ 95,091</u>	

As shown in Table 2, Essex Realty, the management company for the property, reported a net income of \$144,173 for the nine months of leasing activity from July 1, 2017, to March 31, 2018. After adding back contra rent revenue associated with the City's occupied spaces, the effective net income for the quarter is \$556,646.

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, 2018
- Income Statement for the Period Ending March 31, 2018
- Check Register for January, February, and March 2018

Database: ESSEXREALTY
 ENTITY: 742

Standard Balance Sheet
Essex Realty SaaS DB
CITY OF LAGUNA HILLS

Page: 1
 Date: 3/29/2018
 Time: 03:56 PM

Accrual

Report includes an open period. Entries are not final.

Mar 2018

ASSETS

CURRENT ASSETS

Cash - Operating	143,753.98
Cash - MMA	125,577.12

TOTAL CASH AND CASH EQUIVALENTS	269,331.10
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Accounts Receivable	8,329.26
Prepaid Insurance	18,038.30

NET ACCOUNTS RECEIVABLE	26,367.56
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TOTAL CURRENT ASSETS	295,698.66
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FIXED ASSETS

Land	2,855,425.10
Building	3,344,613.52
Capital Improvements	9,975,099.29
Tenant Improvements	1,330,337.23
Lease Commissions	294,208.24
Accumulated Depreciation	(9,422,372.74)

TOTAL FIXED ASSETS	8,377,310.64
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TOTAL ASSETS	8,673,009.30
---------------------	---------------------

LIABILITIES & EQUITY

CURRENT LIABILITY

Prepaid Rent & CAM	4,343.65
Accrued Expenses	14,601.00
Security Deposits	49,065.33

TOTAL CURRENT LIABILITY	68,009.98
--------------------------------	------------------

LONG TERM LIABILITY

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

EQUITY

Current Yr Earnings	144,172.50
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	(7,531,363.77)

TOTAL EQUITY	8,604,999.32
---------------------	---------------------

Attachment: Balance Sheet as of March 31, 2018 (1562 : Civic Center Third Quarter Financial Report for FY 17/18)

Database: ESSEXREALTY
 ENTITY: 742

Standard Balance Sheet
Essex Realty SaaS DB
CITY OF LAGUNA HILLS

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Accrual

Report includes an open period. Entries are not final.

Mar 2018

TOTAL LIABILITIES & EQUITY

8,673,009.30

Attachment: Balance Sheet as of March 31, 2018 (1562 : Civic Center Third Quarter Financial Report for FY 17/18)

Database: ESSEXREALTY
 ENTITY: 742

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

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Accrual

Report includes an open period. Entries are not final.

	Current Period	Year-To-Date
	1 Month	9 Months
Thru:	Mar 2018	Mar 2018
INCOME		
RENTAL INCOME		
Rent	96,507.24	904,382.83
Contra Revenue	(45,830.40)	(412,473.60)
CAM Revenue	6,610.91	62,313.39
Contra CAM	(5,939.54)	(53,455.86)
TOTAL RENTAL INCOME	51,348.21	500,766.76
RECOVERY INCOME		
TOTAL RECOVERY INCOME	0.00	0.00
OTHER INCOME		
NSF Revenue	0.00	75.00
Other Revenue	7,550.94	9,131.18
TOTAL OTHER INCOME	7,550.94	9,206.18
TOTAL INCOME	58,899.15	509,972.94

EXPENSES

DIRECT OPERATING EXPENSES

Security-Fire Alarms	220.00	4,121.63
Cleaning Contract-Janitor	3,441.53	29,605.22
Add'l Cleaning-DayPorter	3,279.20	28,611.60
Cleaning Supplies	0.00	5,296.76
Window Cleaning	0.00	2,876.00
Mgmt Fee-Agent	4,168.88	36,319.56
HVAC Contract Services	1,076.90	11,606.00
HVAC Repair/Maint	1,197.28	3,461.38
Elevator Contract Service	490.78	4,525.34
Elevator Repair/Maint	0.00	3,155.00
Fire, Life, Safety	0.00	261.47
Plumbing Repairs/Supplies	2,615.00	6,247.89
Electrical Repair/Maint	160.93	5,055.69
Doors & Locks	43.27	1,509.87
Floor & Carpet Rpr/Maint	0.00	2,138.00
Pest Control	75.00	675.00
Misc Repair/Maint	3,426.06	9,224.48
Onsite Maint Personnel	0.00	8,237.81
Electricity-General	5,506.32	85,717.41
Gas	112.29	473.22
Water & Sewer	652.31	9,357.92
Property Telephone	455.40	3,279.72
Pkg Lot-Lighting	0.00	2,855.05
Pkg Lot-Sweeping	221.00	1,989.00
Landscaping Contract	2,400.00	21,600.00
Landscaping-Interior	299.00	2,974.92
Fountain Maintenance	150.00	1,350.00

Attachment: Income Statement for the Period Ending March 31, 2018 (1562 : Civic Center Third Quarter Financial Report for FY 17/18)

Database: ESSEXREALTY
 ENTITY: 742

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

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Accrual

Report includes an open period. Entries are not final.

	Current Period	Year-To-Date
	1 Month	9 Months
Thru:	Mar 2018	Mar 2018
Insurance	(2,606.28)	38,600.52
Insurance - Earthquake	(572.04)	8,617.48
Real Estate Taxes	0.00	4,012.02
TOTAL DIRECT OPERATING EXPENSES	26,812.83	343,755.96
NET OPERATING INCOME	32,086.32	166,216.98
OTHER INCOME & EXPENSES		
Advertising & Promotion	0.00	2,155.26
Legal Fees	0.00	701.65
Admin & Professional Exp.	50.00	510.00
Environmental Expense	0.00	186.00
Tenant Space Refurb	534.00	1,067.90
Repairs & Maint- Indirect	4,309.66	17,470.63
Interest Income	(4.82)	(46.96)
TOTAL OTHER INCOME & EXPENSES	4,888.84	22,044.48
NET INCOME/(LOSS)	27,197.48	144,172.50

Database: ESSEXREALTY
ENTITY: 742

Check Register
Essex Realty SaaS DB
CITY OF LAGUNA HILLS

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01/18 Through 01/18

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							
104811	1/4/2018	01/18	LIVIN1	DONALD GILBERT dba		Unused Check			
742		5562-0000	Landscaping-Interior	T80610	12/20/2017	1/19/2018	0.00	0.00	0.00
@									
						Check Total:	0.00	0.00	0.00
104812	1/4/2018	01/18	SKYLIN	CTJAMJT CORPORATION dba		Unused Check			
742		5490-0000	Pest Control	82644	12/22/2017	1/21/2018	0.00	0.00	0.00
@									
						Check Total:	0.00	0.00	0.00
104813	1/4/2018	01/18	SOUT41	SOUTH COUNTY PLUMBING INC		Unused Check			
742		5460-0000	Plumbing Repairs/Supplies	11234	12/21/2017	1/20/2018	0.00	0.00	0.00
@									
						Check Total:	0.00	0.00	0.00
104814	1/4/2018	01/18	SSDSYS	SECURITY SIGNAL DEVICES INC dba		Unused Check			
742		5121-0000	Security-Fire Alarms	1300726-A	12/8/2017	12/8/2017	0.00	0.00	0.00
@									
742		7333-0000	Repairs & Maint- Indirect	1300726-A	12/8/2017	12/8/2017	0.00	0.00	0.00
@									
						Check Total:	0.00	0.00	0.00
104815	1/4/2018	01/18	COXCOM	COX COMMUNICATIONS					
742		5410-0000	HVAC Contract Services	11901-120517	12/5/2017	12/5/2017	86.90	0.00	86.90
@		0017601048511901	12/05/17-01/04/18 DSL for EMS						
						Check Total:	86.90	0.00	86.90
104816	1/4/2018	01/18	SCE	SOUTHERN CALIFORNIA EDISON					
742		5499-0000	Electricity-General	06934-122117	12/21/2017	1/9/2018	2,582.41	0.00	2,582.41
@		2270506934	11/20/17-12/20/17 Mtr 259000-050224						
						Check Total:	2,582.41	0.00	2,582.41
104817	1/4/2018	01/18	SCE	SOUTHERN CALIFORNIA EDISON					
742		5499-0000	Electricity-General	97749-122317	12/23/2017	1/11/2018	3,651.51	0.00	3,651.51
@		2265197749	11/21/17-12/21/17 Mtr 259000-050223						

Attachment: Check Register for January, February, and March 2018 (1562 : Civic Center Third Quarter

Database: ESSEXREALTY
ENTITY: 742

Check Register
Essex Realty SaaS DB
CITY OF LAGUNA HILLS

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01/18 Through 01/18

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
<i>Check Total:</i>								3,651.51	0.00	3,651.51
104818 742 @	1/5/2018 9391060982	01/18 5504-0000 11/15/17-12/14/17	ATTCOR Property Telephone BAN #9391060982	ATT CORP	000010661422	12/15/2017	1/14/2018	389.00	0.00	389.00
<i>Check Total:</i>								389.00	0.00	389.00
104819 742 @	1/5/2018 169922449540	01/18 5502-0000 11/13/17-12/13/17	ELTORO Water & Sewer Mtr #08956098	EL TORO WATER DISTRICT	49540-121317	12/13/2017	1/3/2018	513.46	0.00	513.46
<i>Check Total:</i>								513.46	0.00	513.46
104820 742 @	1/5/2018 169922449542	01/18 5502-0000 11/13/17-12/13/17	ELTORO Water & Sewer Mtr #00036069	EL TORO WATER DISTRICT	49542-121317	12/13/2017	1/3/2018	61.36	0.00	61.36
<i>Check Total:</i>								61.36	0.00	61.36
104821 742 @	1/5/2018 169922449548	01/18 5502-0000 11/13/17-12/13/17	ELTORO Water & Sewer Mtr #08188857	EL TORO WATER DISTRICT	49548-121317	12/13/2017	1/3/2018	494.95	0.00	494.95
<i>Check Total:</i>								494.95	0.00	494.95
104822 742 @	1/5/2018 2270506934	01/18 5499-0000 10/20/17-11/20/17	SCE Electricity-General Mtr 259000-050224	SOUTHERN CALIFORNIA EDISON	06934-112117	11/21/2017	12/11/2017	2,779.45	0.00	2,779.45
<i>Check Total:</i>								2,779.45	0.00	2,779.45
104823 742 @	1/10/2018 01/18 Int Plant Svc	01/18 5562-0000	LIVIN1 Landscaping-Interior	DONALD GILBERT dba	T80610	12/20/2017	1/19/2018	299.00	0.00	299.00
<i>Check Total:</i>								299.00	0.00	299.00
104824 742 @	1/10/2018 01/18 Landscape Svc	01/18 5560-0000	NIEVES Landscaping Contract	NIEVES LANDSCAPE INC	62212	1/1/2018	1/31/2018	2,400.00	0.00	2,400.00

Attachment: Check Register for January, February, and March 2018 (1562 : Civic Center Third Quarter

Database: ESSEXREALTY
ENTITY: 742

Check Register
Essex Realty SaaS DB
CITY OF LAGUNA HILLS

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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:							2,400.00	0.00	2,400.00
104825	1/10/2018	01/18	SKYLIN	CTJAMJT CORPORATION dba					
742		5490-0000	Pest Control	82644	12/22/2017	1/21/2018	75.00	0.00	75.00
@	3018	12/17 Pest/Rodent Control							
Check Total:							75.00	0.00	75.00
104826	1/10/2018	01/18	SOUT41	SOUTH COUNTY PLUMBING INC					
742		5460-0000	Plumbing Repairs/Supplies	11234	12/21/2017	1/20/2018	165.00	0.00	165.00
@	1FL WRR Toilet Rpr								
Check Total:							165.00	0.00	165.00
104827	1/10/2018	01/18	SSDSYS	SECURITY SIGNAL DEVICES INC dba					
742		5121-0000	Security-Fire Alarms	1300726-A	12/8/2017	12/8/2017	100.00	0.00	100.00
@	348817	01/18 Security Syst Svc							
742		7333-0000	Repairs & Maint- Indirect	1300726-A	12/8/2017	12/8/2017	327.33	0.00	327.33
@	348817	01/18 Security Syst Svc							
Check Total:							427.33	0.00	427.33
104828	1/10/2018	01/18	ATTCOR	ATT CORP					
742		5504-0000	Property Telephone	000010526514	11/15/2017	12/15/2017	394.51	0.00	394.51
@	9391060982	10/15/17-11/14/17 BAN #9391060982							
Check Total:							394.51	0.00	394.51
104829	1/17/2018	01/18	ABLEBU	CROWN BLDG MAINTENANCE CO INC dba	Unused Check				
742		5160-0000	Cleaning Supplies	M1256214-IN	12/31/2017	12/31/2017	0.00	0.00	0.00
@									
Check Total:							0.00	0.00	0.00
104830	1/17/2018	01/18	CHRIS9	BAPPTRE dba SHINE ILLUMINATION AND	Unused Check				
742		5510-0000	Pkg Lot-Lighting	INV-000190	12/28/2017	1/27/2018	0.00	0.00	0.00
@									
Check Total:							0.00	0.00	0.00
104831	1/17/2018	01/18	FIRESA	THE BRETHREN INC dba	Unused Check				

Attachment: Check Register for January, February, and March 2018 (1562 : Civic Center Third Quarter

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Check Register
 Essex Realty SaaS DB
 CITY OF LAGUNA HILLS

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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 @		5440-0000		Elevator Repair/Maint	1045888	12/30/2017	1/29/2018	0.00	0.00	0.00
							<i>Check Total:</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>
104832 742 @	1/17/2018	01/18 5121-0000	FIRESA Security-Fire Alarms	THE BRETHERN INC dba	1045290	1/1/2018	Unused Check 1/31/2018	0.00	0.00	0.00
							<i>Check Total:</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>
104833 742 @	1/17/2018	01/18 5465-0000	LIGHT4 Electrical Repair/Maint	LIGHTING TECHNOLOGY SERVICES INC	1259308	1/12/2018	Unused Check 2/11/2018	0.00	0.00	0.00
							<i>Check Total:</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>
104834 742 @	1/17/2018	01/18 5510-0000	SOLISL Pkg Lot-Lighting	SOLIS LIGHTING AND ELECTRICAL	212960	9/30/2017	Unused Check 10/30/2017	0.00	0.00	0.00
							<i>Check Total:</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>
104835 742 @	1/17/2018	01/18 5565-0000	SOUT39 Fountain Maintenance	JEFF ALEXANDER dba	371-10	1/1/2018	Unused Check 1/31/2018	0.00	0.00	0.00
							<i>Check Total:</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>
104836 742 @ 742 @	1/17/2018	01/18 5460-0000 5460-0000	SOUT41 Plumbing Repairs/Supplies Plumbing Repairs/Supplies	SOUTH COUNTY PLUMBING INC	11354 11420	1/5/2018 1/12/2018	Unused Check 2/4/2018 2/11/2018	0.00 0.00	0.00 0.00	0.00 0.00
							<i>Check Total:</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>
104837 742 @	1/17/2018	01/18 5500-0000	THEGAS Gas	THE GAS COMPANY	71474-010518	1/5/2018	Unused Check 1/26/2018	0.00	0.00	0.00

Attachment: Check Register for January, February, and March 2018 (1562 : Civic Center Third Quarter

Database: ESSEXREALTY
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Check Register
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CITY OF LAGUNA HILLS

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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>							0.00	0.00	0.00
104838	1/17/2018	01/18	TSCMCO	TSCM CORPORATION	Unused Check				
742		5525-0000	Pkg Lot-Sweeping	1818105	1/1/2018	1/31/2018	0.00	0.00	0.00
@									
<i>Check Total:</i>							0.00	0.00	0.00
104839	1/17/2018	01/18	ESSEX	ESSEX REALTY MANAGEMENT INC					
742		5305-0000	Mgmt Fee-Agent	742 010118	1/1/2018	1/1/2018	3,690.00	0.00	3,690.00
@	01/18 Mgmt Fee								
742		5305-0000	Mgmt Fee-Agent	742-123117	12/31/2017	1/30/2018	263.33	0.00	263.33
@	125/17 Mgmt Fee Rec								
<i>Check Total:</i>							3,953.33	0.00	3,953.33
104840	1/18/2017	01/18	ABLEBU	CROWN BLDG MAINTENANCE CO INC dba	Unused Check				
742		5160-0000	Cleaning Supplies	M1256214-IN	12/31/2017	12/31/2017	0.00	0.00	0.00
@									
<i>Check Total:</i>							0.00	0.00	0.00
104841	1/18/2017	01/18	CHRIS9	BAPPTRE dba SHINE ILLUMINATION AND	Unused Check				
742		5510-0000	Pkg Lot-Lighting	INV-000190	12/28/2017	1/27/2018	0.00	0.00	0.00
@									
<i>Check Total:</i>							0.00	0.00	0.00
104842	1/18/2017	01/18	FIRESA	THE BRETHREN INC dba	Unused Check				
742		5440-0000	Elevator Repair/Maint	1045888	12/30/2017	1/29/2018	0.00	0.00	0.00
@									
<i>Check Total:</i>							0.00	0.00	0.00
104843	1/18/2017	01/18	FIRESA	THE BRETHREN INC dba	Unused Check				
742		5121-0000	Security-Fire Alarms	1045290	1/1/2018	1/31/2018	0.00	0.00	0.00
@									
<i>Check Total:</i>							0.00	0.00	0.00
104844	1/18/2017	01/18	LIGHT4	LIGHTING TECHNOLOGY SERVICES INC	Unused Check				

Attachment: Check Register for January, February, and March 2018 (1562 : Civic Center Third Quarter

Database: ESSEXREALTY
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Check Register
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CITY OF LAGUNA HILLS

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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 @		5465-0000		Electrical Repair/Maint	1259308	1/12/2018	2/11/2018	0.00	0.00	0.00
							<i>Check Total:</i>	0.00	0.00	0.00
104845 742 @	1/18/2017	01/18 5510-0000	SOLISL Pkg Lot-Lighting	SOLIS LIGHTING AND ELECTRICAL	212960	9/30/2017	Unused Check 10/30/2017	0.00	0.00	0.00
							<i>Check Total:</i>	0.00	0.00	0.00
104846 742 @	1/18/2017	01/18 5565-0000	SOUT39 Fountain Maintenance	JEFF ALEXANDER dba	371-10	1/1/2018	Unused Check 1/31/2018	0.00	0.00	0.00
							<i>Check Total:</i>	0.00	0.00	0.00
104847 742 @ 742 @	1/18/2017	01/18 5460-0000 5460-0000	SOUT41 Plumbing Repairs/Supplies Plumbing Repairs/Supplies	SOUTH COUNTY PLUMBING INC	11354 11420	1/5/2018 1/12/2018	Unused Check 2/4/2018 2/11/2018	0.00 0.00	0.00 0.00	0.00 0.00
							<i>Check Total:</i>	0.00	0.00	0.00
104848 742 @	1/18/2017	01/18 5500-0000	THEGAS Gas	THE GAS COMPANY	71474-010518	1/5/2018	Unused Check 1/26/2018	0.00	0.00	0.00
							<i>Check Total:</i>	0.00	0.00	0.00
104849 742 @	1/18/2017	01/18 5525-0000	TSCMCO Pkg Lot-Sweeping	TSCM CORPORATION	1818105	1/1/2018	Unused Check 1/31/2018	0.00	0.00	0.00
							<i>Check Total:</i>	0.00	0.00	0.00
104850 742 @	1/18/2018	01/18 5160-0000 111	ABLEBU Cleaning Supplies 12/17 Cleaning Supplies	CROWN BLDG MAINTENANCE CO INC dba	M1256214-IN	12/31/2017	12/31/2017	801.46	0.00	801.46

Attachment: Check Register for January, February, and March 2018 (1562 : Civic Center Third Quarter

Database: ESSEXREALTY
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Check Register
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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
<i>Check Total:</i>								801.46	0.00	801.46
104851 742 @	1/18/2018 Palm Tree Lighting	01/18 5510-0000 Balance Pmt	CHRIS9 Pkg Lot-Lighting	BAPPTRE dba SHINE ILLUMINATION AND	INV-000190	12/28/2017	1/27/2018	1,550.00	0.00	1,550.00
<i>Check Total:</i>								1,550.00	0.00	1,550.00
104852 742 @	1/18/2018 ACCT1965	01/18 5440-0000 Annual elevator/smoke detector testing	FIRESA Elevators Repair/Maint	THE BRETHREN INC dba	1045888	12/30/2017	1/29/2018	340.00	0.00	340.00
<i>Check Total:</i>								340.00	0.00	340.00
104853 742 @	1/18/2018 ACCT1965	01/18 5121-0000 01/18-03/18 FA Monitoring	FIRESA Security-Fire Alarms	THE BRETHREN INC dba	1045290	1/1/2018	1/31/2018	150.00	0.00	150.00
<i>Check Total:</i>								150.00	0.00	150.00
104854 742 @	1/18/2018 Replace sensor	01/18 5465-0000 & ballast	LIGHT4 Electrical Repair/Maint	LIGHTING TECHNOLOGY SERVICES INC	1259308	1/12/2018	2/11/2018	343.67	0.00	343.67
<i>Check Total:</i>								343.67	0.00	343.67
104855 742 @	1/18/2018 Lighting Rprs	01/18 5510-0000	SOLISL Pkg Lot-Lighting	SOLIS LIGHTING AND ELECTRICAL	212960	9/30/2017	10/30/2017	482.36	0.00	482.36
<i>Check Total:</i>								482.36	0.00	482.36
104856 742 @	1/18/2018 01/18 Fountain Svc	01/18 5565-0000	SOUT39 Fountain Maintenance	JEFF ALEXANDER dba	371-10	1/1/2018	1/31/2018	150.00	0.00	150.00
<i>Check Total:</i>								150.00	0.00	150.00
104857 742 @	1/18/2018 Replace no-hub band	01/18 5460-0000 conf room	SOUT41 Plumbing Repairs/Supplies	SOUTH COUNTY PLUMBING INC	11420	1/12/2018	2/11/2018	325.00	0.00	325.00

Attachment: Check Register for January, February, and March 2018 (1562 : Civic Center Third Quarter

Database: ESSEXREALTY
ENTITY: 742

Check Register
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CITY OF LAGUNA HILLS

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01/18 Through 01/18

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		5460-0000	Plumbing Repairs/Supplies	11354	1/5/2018	2/4/2018	325.00	0.00	325.00
@	Svc call for foul od	or							
						<i>Check Total:</i>	650.00	0.00	650.00
104858	1/18/2018	01/18	THEGAS	THE GAS COMPANY					
742		5500-0000	Gas	71474-010518	1/5/2018	1/26/2018	71.74	0.00	71.74
@	14430971474	11/30/17-01/03/18 Mtr 13001720							
						<i>Check Total:</i>	71.74	0.00	71.74
104859	1/18/2018	01/18	TSCMCO	TSCM CORPORATION					
742		5525-0000	Pkg Lot-Sweeping	1818105	1/1/2018	1/31/2018	221.00	0.00	221.00
@	01/18 Sweeping Svc								
						<i>Check Total:</i>	221.00	0.00	221.00
104860	1/23/2018	01/18	ABMSER	ABM ONSITE SERVICES WEST INC.					
742		5495-0000	Onsite Maint Personnel	11791104A	12/1/2017	12/1/2017	1,223.63	0.00	1,223.63
@	7596921	10/17 Bldg Engineer Svc							
						<i>Check Total:</i>	1,223.63	0.00	1,223.63
104861	1/23/2018	01/18	MERCH1	MERCHANTS BUILDING MAINTENANCE LLC					
742		5150-0000	Add'l Cleaning-DayPorter	477278	1/1/2018	1/1/2018	3,279.20	0.00	3,279.20
@	33013	01/18 Dayporter Svc							
						<i>Check Total:</i>	3,279.20	0.00	3,279.20
104862	1/23/2018	01/18	SKYLIN	CTJAMJT CORPORATION dba					
742		5490-0000	Pest Control	84970	1/15/2018	2/14/2018	75.00	0.00	75.00
@	3018	01/18 Pest/Rodent Control							
						<i>Check Total:</i>	75.00	0.00	75.00
104863	1/23/2018	01/18	SSDSYS	SECURITY SIGNAL DEVICES INC dba					
742		5121-0000	Security-Fire Alarms	1307851-A	1/10/2018	1/10/2018	100.00	0.00	100.00
@	348817	02/18 Sec System Svc							
742		7333-0000	Repairs & Maint- Indirect	1307851-A	1/10/2018	1/10/2018	327.33	0.00	327.33
@	348817	02/18 Sec System Svc							

Attachment: Check Register for January, February, and March 2018 (1562 : Civic Center Third Quarter

Database: ESSEXREALTY
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Check Register
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01/18 Through 01/18

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							
<i>Check Total:</i>							427.33	0.00	427.33
104864	1/23/2018	01/18	COXCOM	COX COMMUNICATIONS					
742		5410-0000	HVAC Contract Services	11901-010518	1/5/2018	1/5/2018	86.90	0.00	86.90
@	0017601048511901	01/05/18-02/04/18 DSL for EMS							
<i>Check Total:</i>							86.90	0.00	86.90
104865	1/24/2018	01/18	ABLEBU	CROWN BLDG MAINTENANCE CO INC dba					
742		5130-0000	Cleaning Contract-Janitor	M1257605-IN	1/20/2018	1/20/2018	3,441.53	0.00	3,441.53
@	111	01/18 Janitorial Svc							
<i>Check Total:</i>							3,441.53	0.00	3,441.53
104866	1/24/2018	01/18	ATTCOR	ATT CORP					
742		5504-0000	Property Telephone	000010800365	1/15/2018	2/14/2018	391.58	0.00	391.58
@	9391060982	12/15/17-01/14/18 BAN 9391060982							
<i>Check Total:</i>							391.58	0.00	391.58
<i>CITY OF LAGUNA HILLS Total:</i>							31,958.61	0.00	31,958.61
<i>Grand Total:</i>							31,958.61	0.00	31,958.61

Attachment: Check Register for January, February, and March 2018 (1562 : Civic Center Third Quarter

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02/18 Through 02/18

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							
104867	1/31/2018	02/18	LIVIN1	DONALD GILBERT dba					
742		5562-0000	Landscaping-Interior	T80703	1/20/2018	2/19/2018	299.00	0.00	299.00
@	02/18 Int Plant Svc								
						<i>Check Total:</i>	299.00	0.00	299.00
104868	1/31/2018	02/18	RPATTI	ROBERT C PATTI dba					
742		5491-0000	Misc Repair/Maint	98265	1/12/2018	2/11/2018	475.00	0.00	475.00
@	Patch/paint walls								
						<i>Check Total:</i>	475.00	0.00	475.00
104869	1/31/2018	02/18	STONEI	PAUL RIHA dba					
742		4800-0000	Tenant Reimbursements	24013	1/18/2018	2/17/2018	334.02	0.00	334.02
@	304 Office Signage								
						<i>Check Total:</i>	334.02	0.00	334.02
104870	1/31/2018	02/18	ELTORO	EL TORO WATER DISTRICT					
742		5502-0000	Water & Sewer	49540-011218	1/12/2018	2/1/2018	412.81	0.00	412.81
@	169922449540	12/13/17-01/12/18 Mtr 08956098							
						<i>Check Total:</i>	412.81	0.00	412.81
104871	1/31/2018	02/18	ELTORO	EL TORO WATER DISTRICT					
742		5502-0000	Water & Sewer	49542-011218	1/12/2018	2/1/2018	61.36	0.00	61.36
@	169922449542	12/13/17-01/12/18 Mtr 00036069							
						<i>Check Total:</i>	61.36	0.00	61.36
104872	1/31/2018	02/18	ELTORO	EL TORO WATER DISTRICT					
742		5502-0000	Water & Sewer	49548-011218	1/12/2018	2/1/2018	387.54	0.00	387.54
@	169922449548	12/13/17-01/12/18 Mtr 08188857							
						<i>Check Total:</i>	387.54	0.00	387.54
104873	1/31/2018	02/18	SCE	SOUTHERN CALIFORNIA EDISON					
742		5499-0000	Electricity-General	06934-012318	1/23/2018	2/12/2018	2,670.13	0.00	2,670.13
@	2270506934	12/20/17-01/22/18 Mtr 259000-050224							
						<i>Check Total:</i>	2,670.13	0.00	2,670.13

Attachment: Check Register for January, February, and March 2018 (1562 : Civic Center Third Quarter

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02/18 Through 02/18

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Entity	P.O. Number	Account Number	Account Name	Invoice Number	Date		Amount	Amount	Amount
Dept	Reference	Description							
104874	1/31/2018	02/18	SCE	SOUTHERN CALIFORNIA EDISON					
742		5499-0000	Electricity-General	97749-012518	1/25/2018	2/13/2018	3,679.78	0.00	3,679.78
@	2265197749	12/21/17-01/23/18 Mtr 259000-050223							
						<i>Check Total:</i>	3,679.78	0.00	3,679.78
104875	2/8/2018	02/18	BENNE1	BENNETT'S PLUMBING INC					
742		5460-0000	Plumbing Repairs/Supplies	68929	1/23/2018	2/22/2018	335.00	0.00	335.00
@	MRR Rpl faucet stems								
						<i>Check Total:</i>	335.00	0.00	335.00
104876	2/8/2018	02/18	ESSEX	ESSEX REALTY MANAGEMENT INC					
742		5305-0000	Mgmt Fee-Agent	742 013118	1/31/2018	1/31/2018	364.09	0.00	364.09
@	01/18 Mgmt Fee Rec								
742		5305-0000	Mgmt Fee-Agent	742 020118	2/1/2018	2/1/2018	3,583.00	0.00	3,583.00
@	02/18 Mgmt Fee								
						<i>Check Total:</i>	3,947.09	0.00	3,947.09
104877	2/15/2018	02/18	VORTEX	VORTEX INDUSTRIES INC					
742		5475-0000	Doors & Locks	09-1185687-1	10/25/2017	10/25/2017	476.50	0.00	476.50
@	238399		Rpr glass/alum doors						
742		5475-0000	Doors & Locks	09-1206823-1	1/10/2018	1/10/2018	271.00	0.00	271.00
@	238399		Rpr metal doors						
						<i>Check Total:</i>	747.50	0.00	747.50
104878	2/15/2018	02/18	ABLEBU	CROWN BLDG MAINTENANCE CO INC dba					
742		4800-0000	Tenant Reimbursements	M1260774-IN	1/31/2018	1/31/2018	135.00	0.00	135.00
@	111		220 Carpet Clean						
						<i>Check Total:</i>	135.00	0.00	135.00
104879	2/15/2018	02/18	BENNE1	BENNETT'S PLUMBING INC					
742		5460-0000	Plumbing Repairs/Supplies	69079	2/5/2018	3/7/2018	208.50	0.00	208.50
@	Backflow Testing								
						<i>Check Total:</i>	208.50	0.00	208.50
104880	2/15/2018	02/18	MERCH1	MERCHANTS BUILDING MAINTENANCE LLC					
742		5150-0000	Add'l Cleaning-DayPorter	478288	2/1/2018	2/1/2018	3,279.20	0.00	3,279.20

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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							
104887	2/20/2018	02/18	HSGINC	HSG PROFESSIONAL WINDOW CLEANERS					
742		5180-0000	Window Cleaning	41229	2/14/2018	3/16/2018	1,072.00	0.00	1,072.00
@	Annual Int Wndw	Washing							
742		5180-0000	Window Cleaning	41231	2/14/2018	3/16/2018	1,804.00	0.00	1,804.00
@	Bi-Annual Ext Wndw	Washing							
						<i>Check Total:</i>	<i>2,876.00</i>	<i>0.00</i>	<i>2,876.00</i>
104888	2/20/2018	02/18	COXCOM	COX COMMUNICATIONS					
742		5410-0000	HVAC Contract Services	11901-020518	2/5/2018	2/5/2018	86.90	0.00	86.90
@	0017601048511901	02/05/18-03/04/18 DSL for EMS							
						<i>Check Total:</i>	<i>86.90</i>	<i>0.00</i>	<i>86.90</i>
						<i>CITY OF LAGUNA HILLS Total:</i>	<i>23,774.95</i>	<i>0.00</i>	<i>23,774.95</i>
						<i>Grand Total:</i>	<i>23,774.95</i>	<i>0.00</i>	<i>23,774.95</i>

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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							
104889	3/6/2018	03/18	ATTCOR	ATT CORP					
742		5504-0000	Property Telephone	000010943152	2/15/2018	3/17/2018	442.40	0.00	442.40
@	9391060982	01/15/18-02/14/18 BAN 9391060982							
						<i>Check Total:</i>	442.40	0.00	442.40
104890	3/6/2018	03/18	ELTORO	EL TORO WATER DISTRICT					
742		5502-0000	Water & Sewer	49540-021318	2/13/2018	3/5/2018	479.91	0.00	479.91
@	169922449540	01/12/18-02/13/18 Mtr 08956098							
						<i>Check Total:</i>	479.91	0.00	479.91
104891	3/6/2018	03/18	ELTORO	EL TORO WATER DISTRICT					
742		5502-0000	Water & Sewer	49542-021318	2/13/2018	3/5/2018	61.36	0.00	61.36
@	169922449542	01/12/18-02/13/18 Mtr 00036069							
						<i>Check Total:</i>	61.36	0.00	61.36
104892	3/6/2018	03/18	ELTORO	EL TORO WATER DISTRICT					
742		5502-0000	Water & Sewer	49548-021318	2/13/2018	3/5/2018	277.04	0.00	277.04
@	169922449548	01/12/18-02/13/18 Mtr 08188857							
						<i>Check Total:</i>	277.04	0.00	277.04
104893	3/6/2018	03/18	SCE	SOUTHERN CALIFORNIA EDISON					
742		5499-0000	Electricity-General	06934-022218	2/22/2018	3/13/2018	2,573.73	0.00	2,573.73
@	2270506934	01/22/18-02/21/18 Mtr 259000-050224							
						<i>Check Total:</i>	2,573.73	0.00	2,573.73
104894	3/6/2018	03/18	SCE	SOUTHERN CALIFORNIA EDISON					
742		5499-0000	Electricity-General	97749-022418	2/24/2018	3/15/2018	3,663.59	0.00	3,663.59
@	2265197749	01/23/18-02/22/18 Mtr 259000-050223							
						<i>Check Total:</i>	3,663.59	0.00	3,663.59
104895	3/13/2018	03/18	ABLEBU	CROWN BLDG MAINTENANCE CO INC dba					
742		1240-0000	Tenant Improvements	M1262688-IN	2/15/2018	2/15/2018	260.00	0.00	260.00
@	111	301 Carpet cleaning							
742		5130-0000	Cleaning Contract-Janitor	M1263251-IN	2/23/2018	2/23/2018	3,441.53	0.00	3,441.53
@	111	02/18 Janitorial Svc							
742		7333-0000	Repairs & Maint- Indirect	M1263594-IN	2/22/2018	2/22/2018	1,430.00	0.00	1,430.00

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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							
@	111	RR Floor Restoration							
742		7330-0000	Tenant Space Refurb	M1263607-IN	2/22/2018	2/22/2018	145.00	0.00	145.00
@	111	Move furniture and steam carpet							
742		7330-0000	Tenant Space Refurb	M1263947-IN	2/24/2018	2/24/2018	264.00	0.00	264.00
@	111	Move furniture							
Check Total:							5,540.53	0.00	5,540.53
104896	3/13/2018	03/18	AIRCO1	AIR CONTROL SYSTEMS INC					
742		5415-0000	HVAC Repair/Maint	INV-00222	1/31/2018	3/2/2018	1,197.28	0.00	1,197.28
@	A12407	230/260/300 HVAC Rprs							
Check Total:							1,197.28	0.00	1,197.28
104897	3/13/2018	03/18	AMTEC2	PACIFIC COAST ELEVATOR INC dba					
742		5435-0000	Elevator Contract Service	DVB06326318	2/20/2018	2/20/2018	1,521.78	0.00	1,521.78
@	320358	03/18-05/18 Elevator Svc							
Check Total:							1,521.78	0.00	1,521.78
104898	3/13/2018	03/18	BENNE1	BENNETT'S PLUMBING INC					
742		5460-0000	Plumbing Repairs/Supplies	69272	2/26/2018	3/28/2018	195.00	0.00	195.00
@	Patio leak	assessment							
742		5460-0000	Plumbing Repairs/Supplies	69273	2/26/2018	3/28/2018	1,020.00	0.00	1,020.00
@	Rplc urinal valve								
Check Total:							1,215.00	0.00	1,215.00
104899	3/13/2018	03/18	CONTRO	CONTROLLED KEY SYSTEMS INC					
742		5475-0000	Doors & Locks	239360	2/7/2018	3/9/2018	43.27	0.00	43.27
@	Key copies								
Check Total:							43.27	0.00	43.27
104900	3/13/2018	03/18	FIRESA	THE BRETHERN INC dba					
742		5121-0000	Security-Fire Alarms	1046795	2/8/2018	3/10/2018	195.00	0.00	195.00
@	ACCT1965	01/18-03/18 Fire Sprinkler Inspection							
Check Total:							195.00	0.00	195.00
104901	3/13/2018	03/18	LIGHT4	LIGHTING TECHNOLOGY SERVICES INC					
742		5465-0000	Electrical Repair/Maint	1260130	2/26/2018	3/28/2018	160.93	0.00	160.93

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@	260	Light switch Rpr								
<i>Check Total:</i>								160.93	0.00	160.93
104902 742 @	3/13/2018 03/18 Int Plant Svc	03/18 5562-0000	LIVIN1 Landscaping-Interior	DONALD GILBERT dba	T80810	2/20/2018	3/22/2018	299.00	0.00	299.00
<i>Check Total:</i>								299.00	0.00	299.00
104903 742 @	3/13/2018 02/18 Carpet Clean	03/18 5485-0000	MASTE5 Floor & Carpet Rpr/Maint	MASTERCARE PROTECTION & CLEANING	26737	2/22/2018	3/24/2018	663.00	0.00	663.00
<i>Check Total:</i>								663.00	0.00	663.00
104904 742 @	3/13/2018 33013	03/18 5150-0000	MERCH1 Add'l Cleaning-DayPorter 03/18 Dayporter Svc	MERCHANTS BULDING MAINTENANCE LLC	481172	3/1/2018	3/1/2018	3,279.20	0.00	3,279.20
<i>Check Total:</i>								3,279.20	0.00	3,279.20
104905 742 @	3/13/2018 3018	03/18 5490-0000	SKYLIN Pest Control 02/18 Pest/Rodent Control	CTJAMJT CORPORATION dba	87337	2/19/2018	3/21/2018	75.00	0.00	75.00
<i>Check Total:</i>								75.00	0.00	75.00
104906 742 @	3/13/2018 03/18 Fountain Svc	03/18 5565-0000	SOUT39 Fountain Maintenance	JEFF ALEXANDER dba	371-12	3/1/2018	3/31/2018	150.00	0.00	150.00
<i>Check Total:</i>								150.00	0.00	150.00
104907 742 @	3/13/2018 260 Svc Call	03/18 5460-0000	SOUT41 Plumbing Repairs/Supplies insta hot	SOUTH COUNTY PLUMBING INC	11841	2/27/2018	3/29/2018	150.00	0.00	150.00
<i>Check Total:</i>								150.00	0.00	150.00
104908 742	3/13/2018	03/18 5121-0000	SSDSYS Security-Fire Alarms	SECURITY SIGNAL DEVICES INC dba	1312556-A	2/9/2018	2/9/2018	100.00	0.00	100.00

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Entity	P.O. Number	Account Number	Account Name	Invoice Number	Date		Amount	Amount	Amount
Dept	Reference	Description							
@	348817	03/18 Syst Maint							
742		7333-0000	Repairs & Maint- Indirect	1312556-A	2/9/2018	2/9/2018	327.33	0.00	327.33
@	348817	03/18 Syst Maint							
Check Total:							427.33	0.00	427.33
104909	3/13/2018	03/18	STODD1	STODDARDS RESTORATION SERVICES INC					
742		5491-0000	Misc Repair/Maint	119364	2/19/2018	3/21/2018	2,225.00	0.00	2,225.00
@	02/18 Qtrly Wood	Maint							
742		7333-0000	Repairs & Maint- Indirect	119365	2/19/2018	3/21/2018	2,225.00	0.00	2,225.00
@	02/18 Qtrly Wood	Maint City Space							
Check Total:							4,450.00	0.00	4,450.00
104910	3/13/2018	03/18	TSCMCO	TSCM CORPORATION					
742		5525-0000	Pkg Lot-Sweeping	3018105	3/1/2018	3/31/2018	221.00	0.00	221.00
@	03/18 Sweeping Svc								
Check Total:							221.00	0.00	221.00
104911	3/13/2018	03/18	ESSEX	ESSEX REALTY MANAGEMENT INC					
742		5305-0000	Mgmt Fee-Agent	742 022818	2/28/2018	2/28/2018	478.88	0.00	478.88
@	02/18 Mgmt Fee Rec								
742		5305-0000	Mgmt Fee-Agent	742 030118	3/1/2018	3/1/2018	107.00	0.00	107.00
@	02/18 Mgmt Fee								
742		5305-0000	Mgmt Fee-Agent	742 030118	3/1/2018	3/1/2018	3,690.00	0.00	3,690.00
@	03/18 Mgmt Fee								
Check Total:							4,275.88	0.00	4,275.88
104912	3/20/2018	03/18	ABLEBU	CROWN BLDG MAINTENANCE CO INC dba	Unused Check				
742		7330-0000	Tenant Space Refurb	M1267933-IN	2/28/2018	2/28/2018	0.00	0.00	0.00
@									
Check Total:							0.00	0.00	0.00
104913	3/20/2018	03/18	JAGLAS	ARTHUR D YORBA dba	Unused Check				
742		5491-0000	Misc Repair/Maint	24234	3/9/2018	4/8/2018	0.00	0.00	0.00
@									
Check Total:							0.00	0.00	0.00

Attachment: Check Register for January, February, and March 2018 (1562 : Civic Center Third Quarter

Database: ESSEXREALTY
ENTITY: 742

Check Register
Essex Realty SaaS DB
CITY OF LAGUNA HILLS

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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
104914 742 @	3/20/2018	03/18 5560-0000	NIEVES Landscaping Contract	NIEVES LANDSCAPE INC	62602	3/1/2018	Unused Check 3/31/2018	0.00	0.00	0.00
							Check Total:	0.00	0.00	0.00
104915 742 @	3/20/2018	03/18 1240-0000	RPATTI Tenant Improvements	ROBERT C PATTI dba	42513	2/7/2018	Unused Check 3/9/2018	0.00	0.00	0.00
							Check Total:	0.00	0.00	0.00
104916 742 @ 742 @	3/20/2018	03/18 5121-0000 7333-0000	SSDSYS Security-Fire Alarms Repairs & Maint- Indirect	SECURITY SIGNAL DEVICES INC dba	1317944-A 1317944-A	3/9/2018 3/9/2018	Unused Check 3/9/2018	0.00 0.00	0.00 0.00	0.00 0.00
							Check Total:	0.00	0.00	0.00
104917 742 @	3/20/2018	03/18 7330-0000 111	ABLEBU Tenant Space Refurb 100 Carpet Clean	CROWN BLDG MAINTENANCE CO INC dba	M1267933-IN	2/28/2018	2/28/2018	125.00	0.00	125.00
							Check Total:	125.00	0.00	125.00
104918 742 @	3/20/2018	03/18 5491-0000 Rplc glass in City	JAGLAS Misc Repair/Maint Office	ARTHUR D YORBA dba	24234	3/9/2018	4/8/2018	1,201.06	0.00	1,201.06
							Check Total:	1,201.06	0.00	1,201.06
104919 742 @	3/20/2018	03/18 5560-0000 03/18 Landscape Svc	NIEVES Landscaping Contract	NIEVES LANDSCAPE INC	62602	3/1/2018	3/31/2018	2,400.00	0.00	2,400.00
							Check Total:	2,400.00	0.00	2,400.00
104920 742 @	3/20/2018	03/18 1240-0000 301 Painting	RPATTI Tenant Improvements	ROBERT C PATTI dba	42513	2/7/2018	3/9/2018	1,550.00	0.00	1,550.00

Attachment: Check Register for January, February, and March 2018 (1562 : Civic Center Third Quarter

Database: ESSEXREALTY
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Check Register
Essex Realty SaaS DB
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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>							1,550.00	0.00	1,550.00
104921	3/20/2018	03/18	SSDSYS	SECURITY SIGNAL DEVICES INC dba					
742		5121-0000	Security-Fire Alarms	1317944-A	3/9/2018	3/9/2018	100.00	0.00	100.00
@	348817	04/18 Syst Maint							
742		7333-0000	Repairs & Maint- Indirect	1317944-A	3/9/2018	3/9/2018	327.33	0.00	327.33
@	348817	04/18 Syst Maint							
<i>Check Total:</i>							427.33	0.00	427.33
104922	3/20/2018	03/18	002637	WINDSTONE HEALTH SERVICES					
742		2100-0000	Security Deposits	010465_00001	3/13/2018	3/13/2018	5,073.30	0.00	5,073.30
@	Security Refund								
<i>Check Total:</i>							5,073.30	0.00	5,073.30
104923	3/20/2018	03/18	COXCOM	COX COMMUNICATIONS					
742		5410-0000	HVAC Contract Services	11901-030518	3/5/2018	3/5/2018	86.90	0.00	86.90
@	0017601048511901	03/05/18-04/04/18 DSL for EMS							
<i>Check Total:</i>							86.90	0.00	86.90
104924	3/20/2018	03/18	ESSEX	ESSEX REALTY MANAGEMENT INC					
742		1260-0000	Lease Commissions	742-030118A	3/1/2018	3/1/2018	2,358.00	0.00	2,358.00
@	#304 New Lease 36M	First American Advisors 12/1/17-11/30/20							
<i>Check Total:</i>							2,358.00	0.00	2,358.00
104925	3/20/2018	03/18	THEGAS	THE GAS COMPANY					
742		5500-0000	Gas	71474-030618	3/6/2018	3/26/2018	89.29	0.00	89.29
@	14430971474	01/30/18-03/02/18 Mtr 13001720							
<i>Check Total:</i>							89.29	0.00	89.29
104926	3/22/2018	03/18	BENNE1	BENNETT'S PLUMBING INC					
742		5460-0000	Plumbing Repairs/Supplies	69482	3/15/2018	4/14/2018	750.00	0.00	750.00
@	Rplc faucet								
<i>Check Total:</i>							750.00	0.00	750.00
104927	3/22/2018	03/18	SOUT41	SOUTH COUNTY PLUMBING INC					

Database: ESSEXREALTY
 ENTITY: 742

Check Register
 Essex Realty SaaS DB
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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		5460-0000	Plumbing Repairs/Supplies	11979	3/16/2018	4/15/2018	500.00	0.00	500.00
@	260 Rplc Waterheater								
<i>Check Total:</i>							<i>500.00</i>	<i>0.00</i>	<i>500.00</i>
<i>CITY OF LAGUNA HILLS Total:</i>							<i>45,923.11</i>	<i>0.00</i>	<i>45,923.11</i>
<i>Grand Total:</i>							<i>45,923.11</i>	<i>0.00</i>	<i>45,923.11</i>



City of Laguna Hills

City Council/Planning Agency

Staff Report

DATE: May 8, 2018

TO: Mayor and Council Members

FROM: Melissa Au-Yeung
Deputy City Manager

ISSUE: Proposed Office Lease with Carno Law Group for 24031 El Toro Road, Suite 210, Laguna Hills, California

RECOMMENDATION: That the City Council approve the lease with Carno Law Group, a professional law corporation, for 24031 El Toro Road, Suite 210, Laguna Hills, California, and authorize the City Manager to execute the Lease.

SUMMARY:

Staff has negotiated a five-year lease with Carno Law Group, a professional law corporation, for 24031 El Toro Road, Suite 210. This firm has been a long time tenant at the Civic Center and staff is recommending that the City Council authorize the City Manager to execute the attached lease. The following is a summary of the key lease terms and financial analysis:

Commencement Date: June 1, 2018

Term: Five (5) years

Rentable Square Feet: 1,987

Upfront Capital: \$37,476

Rate: Year 1 - \$2.15/ sq. ft.
Year 2 - \$2.24/ sq. ft.

Civic Center Lease with Carno Law Group for 24031 El Toro Road, Suite 210

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Year 3 - \$2.33/ sq. ft.

Year 4 - \$2.42/ sq. ft.

Year 5 - \$2.52/ sq. ft.

Total Rent Payments: \$278,946

Net Present Value: \$161,637 (12% Discount Rate)

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

FISCAL IMPACT:

The lease has a positive net present value and requires upfront capital of \$37,476.

ATTACHMENTS:

- Lease



STANDARD MULTI-TENANT OFFICE LEASE - GROSS

1. Basic Provisions ("Basic Provisions").

1.1 **Parties.** This Lease ("Lease"), dated for reference purposes only May 8, 2018, 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 Carno Law Group, a professional law corporation ("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 210 Laguna Hills, CA 92654 ("Premises"). The Premises are located in the County of Orange, and consist of approximately 1,987 rentable square feet and approximately 1,660 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:** 4/1000 unreserved and NA 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 3 months ("Original Term") commencing June 1, 2018 ("Commencement Date") and ending August 31, 2023 ("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 N/A ("Early Possession Date"). (See also Paragraphs 3.2 and 3.3)

1.5 **Base Rent:** \$4,272.05 per month ("Base Rent"), payable on the First day of each month commencing June 1, 2018. (See also Paragraph 4 below)

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

1.6 **Lessee's Share of Operating Expense Increase:** 3.83 percent (3.83%) ("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:** \$4,272.05 for the period June 1-30, 2018.

(b) **Security Deposit:** 3,896.25 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:** \$4,272.05.

1.8 **Agreed Use:** General Office, Law Firm. (See also Paragraph 6)

1.9 **Base Year; Insuring Party.** The Base Year is 2013. Lessor is the "Insuring Party". (See also Paragraphs 4.2 and 8)

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

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

☒ Essex Realty Management represents Lessor exclusively ("Lessor's Broker");

☐ N/A represents Lessee exclusively ("Lessee's Broker"); or

☐ N/A represents both Lessor and Lessee ("Dual Agency").

(b) **Payment to Brokers.** Upon execution and delivery of this Lease by both Parties, Lessor shall pay to the Brokers 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 Anna Maria Carno, 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

☐ Other (specify): N/A

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

☒ an Addendum consisting of Paragraphs 1 through 6;

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

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

INITIALS

INITIALS

- ☒ a Work Letter; **Requirements for improvements or alterations by Lessee (Exhibit "D")**
☐ a janitorial schedule;
☒ other (specify): Exhibit "C" Waiver and Release. Exhibit "E" Guaranty of Lease .

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.

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.

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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 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 \$25 in addition to any Late Charge and Lessor, at its option, may require all future Rent be paid by cashier's check. Payments will be applied first to accrued late charges and attorney's fees, second to accrued interest, then to Base Rent and Common Area Operating Expenses, and any remaining amount to any other outstanding charges or costs.

5. **Security Deposit.** Lessee shall deposit with Lessor upon execution hereof the Security Deposit as security for Lessee's faithful performance of its obligations under this Lease. If Lessee fails to pay Rent, or otherwise Defaults under this Lease, Lessor may use, apply or retain all or any portion of said Security Deposit for the payment of any amount already due Lessor, for Rents which will be due in the future, and/or to reimburse or compensate Lessor for any liability, expense, loss or damage which Lessor may suffer or incur by reason thereof. If Lessor uses or applies all or any portion of the Security Deposit, Lessee shall within 10 days after written request therefor deposit monies with Lessor sufficient to restore said Security Deposit to the full amount required by this Lease. If the Base Rent increases during the term of this Lease, Lessee shall, upon written request from Lessor, deposit additional monies with Lessor so that the total amount of the Security Deposit shall at all times bear the same proportion to the increased Base Rent as the initial Security Deposit bore to the initial Base Rent. Should the Agreed Use be amended to accommodate a material change in the business of Lessee or to accommodate a sublessee or assignee, Lessor shall have the right to increase the Security Deposit to the extent necessary, in Lessor's reasonable judgment, to account for any increased wear and tear that the Premises may suffer as a result thereof. If a change in control of Lessee occurs during this Lease and following such change the financial condition of Lessee is, in Lessor's reasonable judgment, significantly reduced, Lessee shall deposit such additional monies with Lessor as shall be sufficient to cause the Security Deposit to be at a commercially reasonable level based on such change in financial condition. Lessor shall not be required to keep the Security Deposit separate from its general accounts. Within 90 days after the expiration or termination of this Lease, Lessor shall return that portion of the Security Deposit not used or applied by Lessor. 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 of or causes damage to neighboring premises or properties. Other than guide, signal and seeing eye dogs, Lessee shall not keep or allow in the Premises any pets, animals, birds, fish, or reptiles. Lessor shall not unreasonably withhold or delay its consent to any written request for a modification of the Agreed Use, so long as the same will~~

~~not impair the structural integrity of the improvements of the Building, will not adversely affect the mechanical, electrical, HVAC, and other systems of the Building, and/or will not affect the exterior appearance of the Building. If Lessor elects to withhold consent, Lessor shall within 7 days after such request give written notification of same, which notice shall include an explanation of Lessor's objections to the change in the Agreed Use.~~

6.2 Hazardous Substances.

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

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

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

(d) **Lessee Indemnification.** Lessee shall indemnify, defend and hold Lessor, its agents, employees, lenders and ground lessor, if any, harmless from and against any and all loss of rents and/or damages, liabilities, judgments, claims, expenses, penalties, and attorneys' 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 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 the Lessee Owned Alterations and Utility Installations. Unless otherwise instructed per paragraph 7.4(b) hereof, all Lessee Owned Alterations and Utility Installations shall, at the expiration or termination of this Lease, become the property of Lessor and be surrendered by Lessee with the Premises.

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

(c) **Surrender; Restoration.** Lessee shall surrender the Premises by the Expiration Date or any earlier termination date, with all of the improvements, parts and surfaces thereof clean and free of debris, and in good operating order, condition and state of repair, ordinary wear and tear excepted. "Ordinary wear and tear" shall not include any damage or deterioration that would have been prevented by good maintenance practice. Notwithstanding the foregoing, if 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.

(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

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Attachment: Lease (1563 : Civic Center Lease with Carno Law Group for 24031 El Toro Road, Suite 210)

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 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.

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.

12. Assignment and Subletting.

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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:

- (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 8.3 (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 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

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

16. Estoppel Certificates.

(a) Each Party (as "**Responding Party**") shall within 10 days after written notice from the other Party (the "**Requesting Party**") execute, acknowledge and deliver to the Requesting Party a statement in writing in form similar to the then most current "**Estoppel Certificate**" form published BY 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

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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.

24. Waivers.

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

(b) The acceptance of Rent by Lessor shall not be a waiver of any Default or Breach by Lessee. Any payment by Lessee may be accepted by Lessor on account of 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 that the Lessor will accept rent in an amount less than that indicated

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in the listing or that the Lessee is willing to pay a higher rent than that offered. The above duties of the agent in a real estate transaction do not relieve a Lessor or Lessee from the responsibility to protect their own interests. Lessor and Lessee should carefully read all agreements to assure that they adequately express their understanding of the transaction. A real estate agent is a person qualified to advise about real estate. If legal or tax advice is desired, consult a competent professional.

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

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

26. No Right To Holdover. Lessee has no right to retain possession of the Premises or any part thereof beyond the expiration or termination of this Lease. In the event that Lessee holds over, then the Base Rent shall be increased to 150% of the Base Rent applicable immediately preceding the expiration or termination. 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 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.

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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. (See 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.

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;

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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 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 Lessee with a tenant improvement allowance of up to \$29,050.00 (\$17.50 x 1,660 = \$29,050.00). Allowance to be used for new flooring, new ceiling tiles and three new interior office doors.

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

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Last Edited: 5/3/2018 5:28 PM

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OFG-21.10, Revised 11-01-2017

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: Donald J. White

Title: City Manager

Phone: _____

Fax: _____

Email: _____

By: _____

Name Printed: _____

Title: _____

Phone: _____

Fax: _____

Email: _____

Address: _____

Federal ID No.: _____

BROKER

Essex Realty Management, Inc.

Attn: Sandi Montez

Title: Property Manager

Address: 18012 Sky Park Circle, Suite 100,
Irvine CA 92614

Phone: 949-218-3801

Fax: _____

Email: _____

Federal ID No.: _____

Broker/Agent BRE License #: 00965485

Executed at: 24031 El Toro Road, Suite 210,
Laguna Hills, CA 92654

On: _____

By LESSEE:

Carno Law Group, a professional law
corporation

By: _____

Name Printed: Anna Maria Carno

Title: President

Phone: _____

Fax: _____

Email: _____

By: _____

Name Printed: Anna Maria Carno

Title: Chief Financial Officer

Phone: _____

Fax: _____

Email: _____

Address: _____

Federal ID No.: _____

BROKER

Attn: _____

Title: _____

Address: _____

Phone: _____

Fax: _____

Email: _____

Federal ID No.: _____

Broker/Agent BRE License #: _____

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

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ADDENDUM TO LEASE

THIS ADDENDUM TO LEASE (this “Addendum”) shall constitute part of that certain STANDARD MULTI-TENANT OFFICE LEASE – GROSS (“Lease”), dated as of May 8, 2018, between The City of Laguna Hills (“Lessor”), and Carno Law Group, a professional law corporation (“Lessee”). The terms of this Addendum shall be incorporated into the Lease for all purposes. In the event of any conflict between the terms of the Lease and the terms of this Addendum, the terms of this Addendum shall control.

1. Base Rent 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:

6/1/2018	5/31/2019	\$ 4,272.05 (\$2.15 psf)
6/1/2019	5/31/2020	\$ 4,442.93 (\$2.24 psf)
6/1/2020	5/31/2021	\$ 4,620.65 (\$2.33 psf)
6/1/2021	5/31/2022	\$ 4,805.48 (\$2.42 psf)
6/1/2022	8/31/2023	\$ 4,997.69 (\$2.52 psf)

Provided there are no Events of Default during the term, Lessor agrees to waive Lessees obligation to pay monthly rent during months 1, 25, and 49 of the Term.

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.

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

"Lessor"

THE CITY OF LAGUNA HILLS

By: Donald J. White

By: _____
Its: City Manager

By: Melissa Au-Yeung

By: _____
Its: City Clerk

APPROVED AS TO FORM:

By: _____
City Attorney

[Signatures on next page]

“Lessee”

Carno Law Group, a professional law corporation

By: _____
Anna Maria Carno

Its: _____
President

“Lessee”

Carno Law Group, a professional law corporation

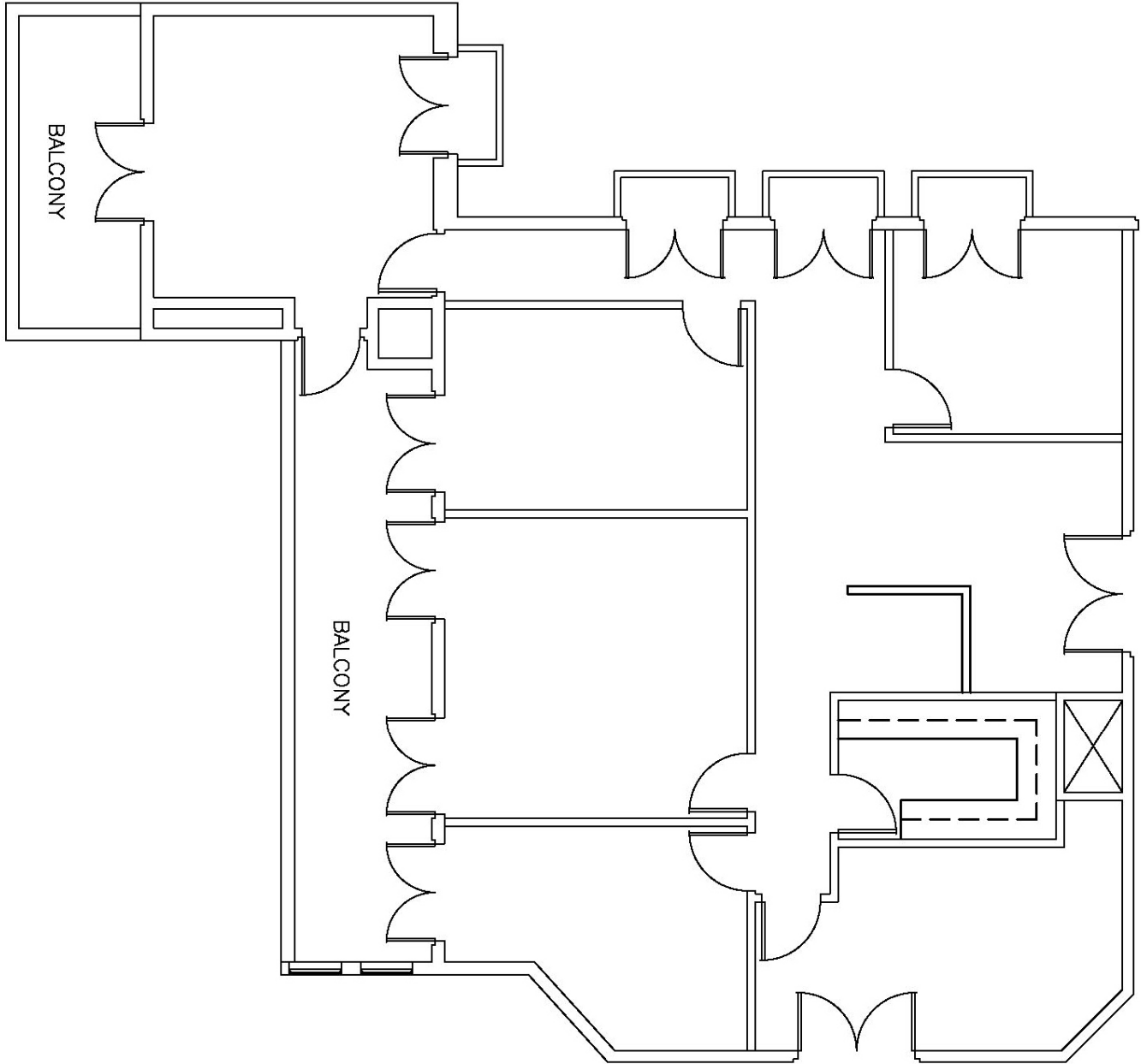
By: _____
Anna Maria Carno

Its: _____
CFO

LAGUNA HILLS CIVIC CENTER

3.5.a

EXHIBIT "A"



24031-210 El Toro Road
Laguna Hills, CA 92653
± 1,966 Square Feet

Attachment: Lease (1563 : Civic Center Lease with Carno Law Group for 24031 El Toro Road, Suite 210)

For Leasing Information:

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Jessica Heer
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Managed by:

ESSEX | Management
Investment
Development

(949) 218-3801

EXHIBIT B

RULES AND REGULATIONS

ATTACHED TO AND MADE A PART OF STANDARD OFFICE LEASE

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

34. Parking

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

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

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

Date: _____

Date: _____

Lessor’s Initials: _____

Lessee’s Initials: _____

Attachment: Lease (1563 : Civic Center Lease with Carno Law Group for 24031 El Toro Road, Suite 210)

EXHIBIT “C”

Waiver and Release.

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

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

Date: _____

Lessee’s Initials: _____

Attachment: Lease (1563 : Civic Center Lease with Carno Law Group for 24031 El Toro Road, Suite 210)

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.

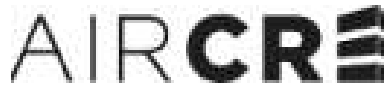
(a) If Lessor has agreed to provide an allowance toward the cost of tenant improvements (other than the initial Lessee Improvement Allowance), Lessor shall retain from such funds an amount determined by Lessor until Lessee has fully complied with the requirements hereof.

(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.



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 Carno Law Group, a professional law corporation, hereinafter "Lessee", are about to execute a document entitled "Lease" dated May 8, 2018 concerning the premises commonly known as (street address, city, state, zip) 24031 El Toro Road, Suite 210 Laguna Hills, CA 92654 wherein Lessor will lease the premises to Lessee, and

WHEREAS, Anna Maria Carno 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.

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,

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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

Anna Maria Carno

Executed At: _____

On: _____

By: _____

Name Printed: _____

Title: _____

Address: _____

By: _____

Name Printed: _____

Title: _____

Address: _____

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

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Attachment: Lease (1563 : Civic Center Lease with Carno Law Group for 24031 El Toro Road, Suite 210)

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Page 2 of 2
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City of Laguna Hills

City Council/Planning Agency

Staff Report

DATE: May 8, 2018
TO: Mayor and Council Members
FROM: Melissa Au-Yeung
Deputy City Manager
ISSUE: Resolution Amending and Restating City Council Policy No. 120
Regarding Procedures for Council Members to Place Items on Future City
Council Agendas

RECOMMENDATION: That the City Council adopt a Resolution entitled: "A Resolution of the City Council of the City of Laguna Hills, California, amending and restating City Council Policy No. 120 regarding procedures for Council Members to place items on a future City Council agenda."

SUMMARY:

At its April 28, 2018, City Council Workshop, the City Council directed staff to amend City Council Policy No. 120 regarding procedures for Council Members to place items on a future City Council agenda. Staff has revised the Policy consistent with City Council Member direction provided to City staff at the Workshop.

BACKGROUND:

There are several routine business practices and City Council protocols that the City Council has established over the years and in previous workshops. These policies are outlined and compiled in the City Council Policy Manual. It is the practice of the City to regularly review these businesses practices and protocols and either confirm or make modifications, as appropriate. One such comprehensive review was conducted at the City Council's April 28, 2018, City Council Workshop. At that time, the City Council gave staff direction to amend existing City Council Policy No. 120. Staff has revised City Council Policy No. 120 consistent with City Council direction.

Amended and Restated City Council Policy No. 120

May 8, 2018

Page 2

There are two significant proposed changes to the Policy, as directed by the City Council. Specifically, the addition of the following two sections:

- Council Members may request items be placed on a future agenda for purposes of discussion, provided at least one other Council Member concurs with the request. All such requests shall be made during the “City Council Member Comments” portion of the City Council agenda. If at least two Council Members, upon consensus, agree to have an item placed on a future agenda, such item shall be placed under the “Matters Agendized and Presented by City Council Members” portion of the City Council agenda on a future agenda for discussion.
- Council Member agenda reports cannot include any Ordinances or Resolutions. If the ultimate action desired includes adoption of an Ordinance or Resolution, then the recommended action in the Agenda Report should include direction to City staff to prepare said Ordinance or Resolution for consideration by the City Council at a future meeting.

Staff recommends the City Council adopt the proposed Resolution amending and restating City Council Policy No. 120 regarding procedures for Council Members to place items on a future City Council agenda. For the City Council’s reference, a redline version of City Council Policy No. 120 has also been included as an attachment to this staff report.

ATTACHMENTS:

- Proposed Resolution Amending and Restating City Council Policy No. 120
- Exhibit A - City Council Policy No. 120
- City Council Policy No. 120-REDLINE

RESOLUTION NO. 2018-05-08-X

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, AMENDING AND RESTATING CITY COUNCIL POLICY NO. 120 REGARDING PROCEDURES FOR COUNCIL MEMBERS TO PLACE ITEMS ON A FUTURE CITY COUNCIL AGENDA

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

WHEREAS, the City Council may establish City Council Policies for providing procedures and guidelines to the City Manager for the administration, operation, and general health, safety, and welfare of the City; and

WHEREAS, the City Council adopted City Council Policy No. 120 on April 14, 2015 to specify a procedure for City Council Members to place items on a future City Council agenda; and

WHEREAS, the City Council desires to make changes to the current procedures as outlined in City Council Policy No. 120.

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

SECTION 1. The foregoing recitals set forth above are true and correct and are incorporated by reference herein.

SECTION 2: City Council Policy No. 120, entitled "Procedures for Council Members to Place Items on a Future City Council Agenda" is hereby amended and restated in its entirety as set forth in Exhibit "A," which is attached hereto and is incorporated herein by reference.

PASSED, APPROVED, AND ADOPTED this 8th day of May 2018.

DON SEDGWICK, 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.
2018-05-08-X adopted by the City Council of the City of Laguna Hills, California, at a
Regular Meeting thereof held on the 8th day of May 2018, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

(SEAL)

MELISSA AU-YEUNG, CITY CLERK

CITY OF LAGUNA HILLS



CITY COUNCIL POLICY

SUBJECT: PROCEDURES FOR COUNCIL MEMBERS TO PLACE ITEMS ON A FUTURE CITY COUNCIL AGENDA

POLICY No. 120

Effective Date: April 14, 2015

Last Revision: May 8, 2018

PURPOSE:

To establish requirements for City Council Members to place items on a future City Council Agenda.

POLICY:

It shall be a policy of the City of Laguna Hills to follow a prescribed procedure regarding the placement of items on a City Council Agenda by City Council Members.

PROCEDURE:

- 1) The City Clerk assembles a preliminary agenda based on input she receives from Department Heads and the City Manager regarding reports they are preparing for the meeting.
- 2) All reports are due to the City Clerk by 5:00 p.m. on Tuesday, one week in advance of the scheduled meeting.
- 3) The City Manager determines which items are placed on the agenda and the timing for scheduling such items. Council Members may request items be placed on a future agenda for purposes of discussion, provided at least one other Council Member concurs with the request. All such requests shall be made during the "City Council Member Comments" portion of the City Council agenda. If at least two Council Members, upon consensus, agree to have an item placed on a future agenda, such item shall be placed under the "Matters Agendized and Presented by City Council Members" portion of the City Council agenda on a future agenda for discussion.
- 4) In accordance with Procedure 3 above, Council Members must submit their report in writing to the City Clerk by the same deadline as stated above. At a minimum, the report must: (1) set forth a subject matter

**City Council Policy
No. 120
Council Member Agenda Item Placement Policy**

that reasonably describes the issue to be presented for consideration by the City Council; and (2) the report must contain a recommendation if the Council Member desires a specific action to be taken by the City Council at the meeting. Council Members may provide background information as a part of their report and attachments or exhibits that they believe will be helpful to their presentation and with gaining support for their recommended action. Council Members may request limited assistance from staff with obtaining copies of existing materials and/or data related to their agenda report, provided said assistance does not require any new work or independent analysis to be performed and in the aggregate, does not require more than one-hour of staff time.

- 5) Council Member agenda reports cannot include any Ordinances or Resolutions. If the ultimate action desired includes adoption of an Ordinance or Resolution, then the recommended action in the Agenda Report should include direction to City staff to prepare said Ordinance or Resolution for consideration by the City Council at a future meeting.
- 6) The City Clerk reviews all staff reports for grammar, spelling, appearance, and format, ensuring that all supporting materials or documents are attached and complete.
- 7) The City Manager reviews all reports for content, clarity, and recommended action(s), making changes as he deems appropriate and/or making requests for additional information that he believes are necessary to present the Council with a complete report. The City Manager may exercise his sole discretion and judgment in deciding the content and timing of all agenda items, with the exception of reports that are specifically requested by a majority of the City Council or actions that are required by law.

ATTACHMENTS:

- NONE



CITY OF LAGUNA HILLS

CITY COUNCIL POLICY

SUBJECT: PROCEDURES FOR COUNCIL MEMBERS TO PLACE ITEMS ON A

FUTURE

CITY COUNCIL AGENDA

POLICY No. 120

Effective Date: April 14, 2015

Last Revision: ~~May 8, 2018~~ April 14, 2015

PURPOSE:

To establish ~~guidelines-requirements~~ for City Council Members to place items on a future City Council Agenda.

POLICY:

It shall be a policy of the City of Laguna Hills to follow a prescribed procedure regarding the placement of items on a City Council Agenda by City Council Members.

PROCEDURE:

- 1) The City Clerk assembles a preliminary agenda based on input she receives from Department Heads and the City Manager regarding reports they are preparing for the meeting.
- 2) All reports are due to the City Clerk by 5:00 p.m. on Tuesday, one week in advance of the scheduled meeting.
- 3) The City Manager determines which items are placed on the agenda and the timing for scheduling such items. Council Members may request items be placed on a future agenda for purposes of discussion, provided at least one other Council Member concurs with the request. All such requests shall be made during the "City Council Member Comments" portion of the City Council agenda. If at least two Council Members, upon consensus, agree to have an item placed on a future agenda, such item shall be placed under the "Matters Agendized and Presented by City Council Members" portion of the City Council agenda on a future agenda for discussion.
- 3)4) In accordance with Procedure 2 above, Council Members must submit their report in writing to the City Clerk by the same deadline as stated above. At a minimum, the report must: (1) set forth a subject matter

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**City Council Policy
No. 120
Council Member Agenda Item Placement Policy**

that reasonably describes the issue to be presented for consideration by the City Council; and (2) the report must contain a recommendation if the Council Member desires a specific action to be taken by the City Council at the meeting. Council Members may provide background information as a part of their report and attachments or exhibits that they believe will be helpful to their presentation and with gaining support for their recommended action. Council Members may request limited assistance from staff with obtaining copies of existing materials and/or data related to their agenda report, provided said assistance does not require any new work or independent analysis to be performed and in the aggregate, does not require more than one-hour of staff time.

5) Council Member agenda reports cannot include any Ordinances or Resolutions. If the ultimate action desired includes adoption of an Ordinance or Resolution, then the recommended action in the Agenda Report should include direction to City staff to prepare said Ordinance or Resolution for consideration by the City Council at a future meeting.

4)6) The City Clerk reviews all staff reports for grammar, spelling, appearance, and format, ensuring that all supporting materials or documents are attached and complete.

5)7) The City Manager reviews all reports for content, clarity, and recommended action(s), making changes as he deems appropriate and/or making requests for additional information that he believes are necessary to present the Council with a complete report. The City Manager may exercise his sole discretion and judgment in deciding the content and timing of all agenda items, with the exception of reports that are specifically requested by a majority of the City Council or actions that are required by law.

ATTACHMENTS:

- NONE



City of Laguna Hills

City Council/Planning Agency

Staff Report

DATE: May 8, 2018

TO: Mayor and Council Members

FROM: Melissa Au-Yeung
Deputy City Manager

ISSUE: Proposed Resolution Adopting New City Council Policy No. 130 Regarding Digital Device and Electronic Communications Management

RECOMMENDATION: That the City Council adopt a Resolution entitled: "A Resolution of the City Council of the City of Laguna Hills, California, Adopting City Council Policy No. 130 regarding Digital Device, Email Accounts, Electronic Communications Management, and Records Retention."

SUMMARY:

In March of 2017, the California Supreme Court issued its long-awaited opinion in City of San Jose, et al. v. Superior Court, 2 Cal.5th 608, which held that when a local agency official or employee uses a personal email, text, or other type of electronic account to communicate about the conduct of public business, the writings may be subject to disclosure under the California Public Records Act ("CPRA"). The Court noted that local agencies could adopt policies that will reduce the likelihood of records being stored exclusively in officials' and employees' private accounts. Consequently staff drafted proposed City Council Policy No. 130 establishing guidelines for conducting City business through digital devices and electronic communications in accordance with the Court's holding. Staff recommends the City Council adopt the proposed Resolution adopting new City Council Policy No. 130 regarding digital device and electronic communications management.

BACKGROUND:

As previously advised, in March of 2017 the California Supreme Court issued its long-

Adoption of City Council Policy No. 130 - Electronic Communications Management

May 8, 2018

Page 2

awaited opinion in City of San Jose, et al. v. Superior Court, 2 Cal.5th 608, which held that when a local agency official or employee uses a personal email, text, or other type of electronic account to communicate about the conduct of public business, the writings may be subject to disclosure under the California Public Records Act ("CPRA"). The Court affirmed that the definition of "writing" under the CPRA includes electronic communications such as emails and text messages. Any such "writing" is not, however, immediately subject to disclosure under the CPRA. In order to qualify as a public record, at a minimum, the writing *must relate in a substantive way to the conduct of the public's business*. The Court concluded that a writing prepared by a public official or employee conducting local agency business is a writing "prepared by" the local agency within the meaning of the CPRA, even if the writing is prepared using a personal digital device or personal account.

The Court clarified that communications that are primarily personal, containing no more than incidental mentions of local agency business, generally will not constitute public records. According to the Court, local agencies must examine several factors in order to determine whether writings kept in personal accounts are sufficiently related to public business: the context in, or purpose for which, they were written; the audience to whom they were directed; and whether the writings were prepared by an official or employee acting or purporting to act within the scope of his or her employment.

The Court stated that local agencies can develop their own internal policies for conducting searches pursuant to the CPRA. The Court explained that once a CPRA request is received, the local agency should communicate the request to the officials and employees in question. According to the Court, the local agency may then reasonably rely on its officials and employees to perform a "good faith" search of their own personal accounts for responsive records. Additionally, the Court noted that local agencies could also adopt policies that will reduce the likelihood of records being stored exclusively in officials' and employees' private accounts. For example, a local agency could adopt a policy prohibiting its officials and employees from using personal accounts to conduct public business, or requiring them to copy or forward messages generated or received on personal accounts to government accounts for retention and future retrieval in response to a CPRA request.

Following the City of San Jose case, the City Attorney and City staff drafted a proposed policy to establish guidelines for conducting city business through email, text messaging, digital devices, and social media in accordance with the Court's holding. The proposed policy also provides procedures to respond to CPRA requests for public records in

personal digital devices and personal accounts.

In summary, the proposed policy establishes the following electronic records management guidelines:

- **Emails**: All officials, employees, and specified consultants (i.e., those consultants who receive a City email account) are required to use City email accounts to conduct City business. In the event a personal email account is inadvertently used, the email must be copied or forwarded to a City email account, or a copy of the personal email must be printed and stored at the City.
- **Personal digital devices and city-issued digital devices**: Only certain authorized employees, City officials, and specified consultants, as determined by the City Manager, are permitted to use their own personal digital devices (cell phone, etc.) or receive a City-issued digital device to conduct City business. However, all City business must still be conducted using City email accounts.
 - Any City business inadvertently conducted on a personal email account must be forwarded to a City email account or a copy printed and stored at the City.
 - No unauthorized employees can use personal digital devices to conduct City business.
- **Text messages**: The use of text messaging, or other similar multimedia messaging, on any digital device to conduct City business is prohibited. This applies to all City officials, employees, and consultants.
 - In the event a text message is inadvertently sent/received to conduct City business, a copy of the message must be saved by taking a screenshot or otherwise capturing the image of the entire message thread. The copy must either be sent to a City email account or printed and stored at the City.
- **Voicemail**: In the event a City official, City employee, or specified consultant receives a voicemail substantively relating to the conduct of City business on a personal digital device or a personal account, the voicemail must either be:
 - Forwarded to City voicemail account or City email account;

- Transcribed into a document and emailed as an attachment to a City email account; or
 - Transcribed into a document, printed, and stored at the City.
- **Social Media:** City employees and consultants are prohibited from conducting City business on social media sites.
- **Records Retention/Privacy:**
 - Except as otherwise specified in the City's Records Retention Policy, all emails sent or received regarding City business shall be retained on City systems for a minimum of two (2) years.
 - Voicemails which contain substantive information relating to City business cannot be deleted for a period of at least two (2) years and in accordance with the City's Records Retention Policy.
 - All content transmitted or received through a digital device or account, including email, multimedia and text messaging, apps, or social media and which pertain to City business may be a public record subject to disclosure under the CPRA.
 - Writings, including emails, which contain purely personal information unrelated to City business are considered private, are not considered public records subject to disclosure in response to a CPRA request, and may be immediately deleted.
- **Public Records Act Requests:**
 - In the event the City receives a CPRA request for records maintained on a personal digital device or in a personal account, the City Clerk will contact the City official(s), City employee(s), and/or consultant(s) who are reasonably believed to possess potentially responsive records.
 - All City officials, City employees, and consultants required to respond shall conduct a reasonable search of their personal digital devices, apps, personal accounts, and/or storage systems for any and all non-exempt, non-privileged, disclosable public records that are responsive, or may be potentially responsive, to the stated request.

Adoption of City Council Policy No. 130 - Electronic Communications Management
May 8, 2018
Page 5

Upon completion of their search, the City officials, City employees, or consultants will submit the responsive documents, if any, to the City Clerk or a written statement that no such documents exist.

ATTACHMENTS:

- Proposed Resolution Adopting City Council Policy No. 130
- Exhibit A

RESOLUTION NO. 2018-05-08-X

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
LAGUNA HILLS, CALIFORNIA, ADOPTING CITY COUNCIL
POLICY NO. 130 REGARDING DIGITAL DEVICE, EMAIL
ACCOUNTS, ELECTRONIC COMMUNICATIONS
MANAGEMENT, AND RECORDS RETENTION

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

WHEREAS, the City is subject to the California Public Records Act (CPRA), as set forth in California Government Code sections 6250 et seq.; and

WHEREAS, the City is permitted to adopt policies stating the procedures to be followed when making records available for inspection and/or copying pursuant to the CPRA (Government Code section 6253.4); and

WHEREAS, the California Supreme Court held in City of San Jose, et al. v. Superior Court, 2 Cal.5th 608, that when a local agency official or employee uses personal email, text, or other type of electronic account to communicate about the conduct of public business, the writings may be subject to disclosure under the CPRA; and

WHEREAS, in light of the City of San Jose case, the purpose of this Resolution is to adopt City Council Policy No. 130, pursuant to the CPRA, governing the use of electronic communications, City-issued digital devices, personal digital devices, and personal accounts by City officials, employees, and consultants to conduct City business.

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

SECTION 1. The foregoing recitals set forth above are true and correct and are incorporated by reference herein.

SECTION 2: City Council Policy No. 130, entitled "Digital Device, Email Accounts, Electronic Communications Management, and Records Retention" is hereby approved and adopted as set forth in Exhibit "A," a copy of which is attached hereto and is incorporated herein by reference.

PASSED, APPROVED, AND ADOPTED this 8th day of May 2018.

DON SEDGWICK, 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.
2018-05-08-X adopted by the City Council of the City of Laguna Hills, California, at a
Regular Meeting thereof held on the 8th day of May 2018, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

(SEAL)

MELISSA AU-YEUNG, CITY CLERK

CITY OF LAGUNA HILLS



CITY COUNCIL POLICY

**SUBJECT: DIGITAL DEVICE, EMAIL ACCOUNTS,
ELECTRONIC COMMUNICATIONS
MANAGEMENT, AND RECORDS
RETENTION**

POLICY No. 130

Effective Date: May 8, 2018

Last Revision: May 8, 2018

PURPOSE:

The City recognizes that communication tools available through digital devices allow City officials, City employees, and consultants to conduct City business in a convenient and efficient manner. The purpose of this Policy is to establish the requirements for the use of electronic communications, City-issued digital devices, personal digital devices, and personal accounts to conduct City business in accordance with the California Public Records Act (CPRA). The use of any City-issued digital device or personal digital device for purposes of conducting City business must comply with all provisions of this Policy. This Policy is intended to fulfill the City's obligations under the CPRA while preserving the privacy rights of City officials, City employees, and consultants.

DEFINITIONS:

- a) App: An application downloaded by a user to a digital device.
- b) Authorized employee: A City employee who is authorized by the City Manager, or the City Manager's designee, to either receive a technology stipend to use a personal digital device or to receive a City-issued digital device for purposes of conducting City business.
- c) California Public Records Act: A state law codified in Government Code sections 6250 *et seq.*, which provides members of the public with access to public records and thereby enables them to monitor the functioning of their government.
- d) City business: Information which substantively relates to the conduct and business affairs for direct municipal governance, such as that which is necessary or convenient to discharge a City duty, but does not include campaign or other speech made for political purposes.

- e) City email account: An email account originating from City systems that is issued by the City, which is assigned to a City official, City employee, or specified consultant.
- f) City employee: An individual who is employed by the City, directly receives a salary and/or wages for such employment, and whose employment is governed by any and all policies adopted by the City.
- g) City-issued digital device: A digital device connected to City systems that is issued by the City to a City official or authorized employee to conduct City business.
- h) City official: An elected or appointed individual who holds a City office on the City Council, Planning Commission, or other City board or commission for the purpose of effectuating City business.
- i) City systems: Voice and data transport networks and connected systems, such as computer networks and servers, which are owned, operated, maintained, leased, managed, and/or supported by the City.
- j) Digital device: Electronic devices such as mobile phones, smart phones, tablets, PDAs or other electronic devices that operate a computer operating system such as Windows Mobile, Android, or Apple iOS, including, but not limited to, iPhones, Androids, iPads, Surface or Galaxy style tablets, etc. Such devices communicate primarily through the cellular communication network, Wi-Fi, and/or Bluetooth but do not communicate via Ethernet or other wired network protocols.
- k) Multimedia message: A standard means to communicate electronic messages containing multimedia content (images, audio, video and text) to and from a digital device by using a cellular network or Wi-Fi, including text messaging or other similar forms of electronic messaging, instant messaging, chat software, app messaging, and other communication tools.
- l) Personal account: An email, multimedia messaging, text messaging, or social media account independent from City systems that is not issued by the City, which is created by a City official, City employee, or consultant in his or her individual capacity primarily for personal use.
- m) Personal digital device: A digital device that is not issued by the City, is independent from City systems, and which is used by a City official, City employee, or consultant in his or her individual capacity primarily for personal use.

- n) Public record: Any writing containing information relating to the conduct of the public's business prepared, owned, used, or retained by the City regardless of physical form or characteristics.
- o) Screenshot: An image that captures the contents of a digital device display.
- p) Social media: Any form of electronic communication (such as websites for social networking and microblogging) through which users create online profiles and participate in online communities to share information, ideas, personal messages, photos, videos and other content.
- q) Writing: Any handwriting, typewriting, printing, photostating, photographing, photocopying, transmitting by electronic mail or facsimile, and every other means of recording upon any tangible thing any form of communication or representation, including letters, words, pictures, sounds, symbols, or combinations thereof, and any record thereby created, regardless of the manner in which the record has been stored. For purposes of this Policy, writings expressly include emails, multimedia and text messaging, social media postings, and voicemails.

POLICY:

Statement of Policy: The City requires all City officials, City employees, and specified consultants to utilize City email accounts when conducting City business. Only City officials and authorized employees are permitted to use City-issued digital devices to conduct City business pursuant to prior authorization from the City Manager, or the City Manager's designee. The use of personal digital devices to conduct City business by email is only permitted for City officials, specified consultants, and authorized employees pursuant to prior authorization from the City Manager, or the City Manager's designee, and only by means of a City email account. City business should not be conducted by text message, multimedia message, or social media posts on any digital device.

All other City employees who are not authorized to use personal digital devices for the purpose of conducting City business are prohibited from using such devices in the performance of their duties. This Policy does not address whether a specific City official, City employee, or consultant requires a digital device to perform his or her duties or to conduct City business, but instead assumes such determinations have been, or will be, made by the City Manager, or the City Manager's designee.

Privacy: The City recognizes that City officials, City employees, and consultants have a privacy interest in their personal digital devices and personal accounts. Writings, including email, containing purely personal information unrelated to City business are considered private, are not subject to disclosure in response to a CPRA request, and may be immediately deleted.

However, City officials, City employees, and consultants shall have no right to or expectation of privacy or confidentiality in any email messages created, sent, received, deleted, or stored using the City systems. Management and supervisors shall have the right at any time and for any reason to review any email message created, sent, received, deleted, or stored on City systems by any City official, City employee, or consultant.

Email, text messaging, multimedia messaging, and social media postings should always be used with the assumption that a message will be read by someone other than its intended recipient. When transmitting any writing which relates to City business, City officials, City employees, and consultants should consider that the writing might be disclosed to outside parties, the media, the courts, or members of the public in connection with a CPRA request or litigation. All City officials, City employees, and consultants are required to maintain the highest standards of courtesy and professionalism.

City Consultants: For purposes of this Policy only, an individual or member of a firm or company designated as a consultant pursuant to a Professional Services Agreement or Consulting Services Agreement with the City may be required to comply with the terms provided herein, as determined by the City Manager, or the City Manager's designee. Specified consultants, as determined by the City Manager or the City Manager's designee, must use a City email account at all times while using email to conduct City business.

Policy for Digital Devices and Accounts:

The following applies to all conduct and communications on electronic accounts and digital devices which relate to City business:

a) Email Accounts

City officials, City employees, and specified consultants are provided with a City email account for purposes of conducting City business, which is maintained by the City and utilizes City systems to ensure all records are properly maintained and accessible. All emails for purposes of conducting City business shall utilize City email accounts. No City business shall be conducted on a personal email account by a City official, City employee, or specified consultant. In the event a City official, City employee, or specified consultant inadvertently uses a personal email account to conduct City business, the City official, City employee, or specified consultant shall send a copy or forward the email to his or her City email account, or shall print a saved copy of the email and store it at the City.

b) Multimedia and Text Messaging

City officials, City employees, and consultants shall not use a personal digital device, personal account, City-issued digital device, or app to send

or receive multimedia or text messages for purposes of conducting City business. The use of text messaging, or other similar multimedia messaging, on any digital device to conduct City business is prohibited.

In the event a City official, City employee, or consultant inadvertently uses a personal digital device, personal account, City-issued digital device, or app to send or receive multimedia or text messages to conduct City business, the City official, City employee, or consultant shall save a copy of each message by taking a screenshot, or otherwise capturing the image, of the entire message thread. The City official, City employee, or consultant shall either send the saved copy of the messages to his or her City email account or print the saved copy and store it at the City.

c) Personal Digital Devices and City-Issued Digital Devices

1. Unauthorized City employees shall not use personal digital devices to carry out their duties or to conduct City business.

2. City officials, authorized employees, and specified consultants may use personal digital devices and City-issued digital devices to conduct City business, so long as the City official, authorized employee, or specified consultant uses his or her City email account to conduct City business.

i. In the event a City official, authorized employee, or specified consultant inadvertently uses a personal account on a personal digital device or City-issued digital device to conduct City business, the City official, authorized employee, or specified consultant shall send a copy or forward the email to his or her City email account, or shall print a saved copy of the email and store it at the City.

d) Voicemail

1. City officials, City employees, and specified consultants may be provided with a City telephone number and voicemail account. This account is maintained by the City and utilizes City systems to ensure all voicemails are properly maintained and accessible.

2. City officials, City employees, and specified consultants shall not delete any voicemail recorded on a City voicemail account which contains substantive information relating to City business for a period of at least two (2) years and in accordance with the City's Records Retention Policy. This does not apply to messages that are purely personal, non-substantive, unrelated to City business, robotic messages, blank or static-filled messages, etc.

3. Should a City official, City employee, or specified consultant receive a voicemail which contains substantive information relating to City

business on a personal digital device or personal account, the City official, City employee, or consultant shall either:

- i. Forward the voicemail to his or her City voicemail account or City email account;
- ii. Transcribe the voicemail and email the document as an attachment to his or her City email account; or
- iii. Transcribe the voicemail, print a copy of the complete message, and store it at the City.

e) Social Media

City employees and consultants are prohibited from conducting City business on social media sites.

The City has official social media accounts for the purpose of communicating with residents and others about City programs, events, services and activities. Only designated City employees may monitor, administer and post City-related content through the City's official social media accounts in accordance with the City's Social Media Administrative Regulation. City employees and consultants are not otherwise provided with City-authorized, monitored, or endorsed social media accounts.

Records Management and Retention: Any writing or other content that is transmitted or received through a digital device or account, including email, multimedia and text messaging, apps, or social media and which pertain to City business may be a public record subject to disclosure under the CPRA. All City officials, City employees, and specified consultants are urged to protect their privacy and to carefully consider whether to commingle City business and personal information on City email accounts, City-issued digital devices, and personal digital devices.

Except as may otherwise be specified in the City's Records Retention Policy, all emails sent or received regarding City business shall be retained on City systems for a minimum of two (2) years. Any records unrelated to City business are not subject to the City's Records Retention Policy and may be deleted at any time. Writings, including emails, containing purely personal information unrelated to City business are considered private, are not considered public records subject to disclosure in response to a CPRA request, and may be immediately deleted.

Procedure to Respond to California Public Records Act Requests for Documents on Personal Digital Devices or Personal Accounts:

The City processes all requests to inspect and/or copy public records in accordance with the requirements of state law.

When a member of the public requests to inspect a public record or obtain a copy of a public record, the City, in order to assist the member of the public make a focused and effective request that reasonably describes an identifiable record or records, will do all of the following, to the extent reasonable under the circumstances:

1. Assist the member of the public to identify records and information that are responsive to the request or to the purpose of the request, if stated.
2. Describe the information technology and physical location in which the records exist.
3. Provide suggestions for overcoming any practical basis for denying access to the records or information sought.

These requirements shall be deemed to have been satisfied if the City is unable to identify the requested information after making a reasonable effort to elicit additional clarifying information from the requester that will help identify the record or records.

The City requires all CPRA requests to state with specificity the nature of the records sought, such as correspondence, memorandum, reports, emails, text messages, etc. For purposes of this Policy, a CPRA request must state that records from personal digital devices or personal accounts are sought in order to initiate a reasonable search of personal digital devices and/or personal accounts of City officials, City employees, or consultants.

In the event the City receives a CPRA request for records maintained on a personal digital device or in a personal account, the City Clerk will contact the City official(s), City employee(s), and/or consultant(s) who are reasonably believed to possess potentially responsive records. All City officials, City employees, and consultants required to respond shall conduct a reasonable search of their personal digital devices, apps, personal accounts, and/or storage systems for any and all non-exempt, non-privileged, disclosable public records that are responsive, or may be potentially responsive, to the stated request. Upon completion of their search, the City officials, City employees, or consultants will submit the responsive documents, if any, to the City Clerk or a written statement that no such documents exist.

The City Clerk, City IT Department, or City Manager may assist City officials, City employees, and consultants by providing specific, consistent search terms should a CPRA request require multiple City officials, City employees, and/or consultants to search their personal digital devices or personal accounts. City officials, City employees, and consultants should direct any questions to the City Attorney regarding whether a document is a writing, a public record, a record exempt from disclosure, or related to City business.

Technology Compliance: The City Manager shall have the authority to interpret the requirements of this Policy and determine which technological platform(s) are most appropriate to ensure compliance with all aspects of the Policy.

Acknowledgement: All City employees, including authorized employees, must sign the City's Acknowledgement and Acceptance form to indicate they have read and agree to comply with this Policy. City officials and specified consultants who utilize a City-issued digital device or personal digital device in the performance of their duties must sign the City's Acknowledgement and Acceptance form prior to utilizing such devices to conduct City business.

Employee Personal Time: City employee pay or reimbursement for conducting City business on personal time is not authorized unless previously approved by the City Manager, or the City Manager's designee. Nothing in this Policy prohibits or is intended to prohibit City employees from exercising their rights under state and federal law to engage in concerted activity or otherwise discuss the terms and conditions of their employment.

Penalties, Revocation, or Termination of Digital Device Privileges/Access:

It is the responsibility of each City official, City employee, and consultant to ensure that his or her conduct conforms to the requirements set forth in this Policy. City officials, City employees, and consultants who are unsure as to whether a contemplated activity or course of conduct constitutes a violation of this Policy should request clarification from the City Manager or the City Attorney. Any City employee who fails to comply with any requirement of this Policy may have existing digital device privileges revoked and/or future privileges denied. Violations of this Policy may result in disciplinary action up to, and including, termination.

ATTACHMENTS:

None



City of Laguna Hills

City Council/Planning Agency

Staff Report

DATE: May 8, 2018
TO: Mayor and Council Members
FROM: Jennifer Lee
Assistant City Clerk
ISSUE: Approval of Resolutions Related to the November 6, 2018, 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 6, 2018, 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 6, 2018, 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 6, 2018."
-

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 6, 2018. Three City Council seats

Resolutions Related to the Calling of the General Election on November 6, 2018

May 8, 2018

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will be available at that time, each serving a full term of four 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 three City Council seats is July 16, 2018, to August 10, 2018. Pursuant to Section 10225 of the Elections Code, if an incumbent for the office of City Council Member does not file his or her declaration of candidacy by August 10, 2018, 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 15, 2018.

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 seats open for this election, if there is a tie vote for the third 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. An estimate is calculated by the County based on the number of registered voters, page formatting and the number of pages in the sample ballot, and will be provided to the candidate during the nomination process. The candidate is refunded any overage or billed for any additional costs within 30 days of the actual accounting of said costs.

Resolutions Related to the Calling of the General Election on November 6, 2018
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Staff recommends that the City Council adopt the three Resolutions pertaining to the upcoming General Municipal Election to be held on November 6, 2018.

FISCAL IMPACT:

The City has budgeted \$25,000 for the 2018 General Municipal Election.

ATTACHMENTS:

- 180508 Resolution Calling General Election
- 180508 Resolution Consolidating Election
- 180508 Resolution Candidate Statement

RESOLUTION NO. 2018-05-08-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 6, 2018, 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 6, 2018, 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 called and ordered to be held in the City of Laguna Hills, California, on Tuesday, November 6, 2018, a General Municipal Election for the purpose of electing three Members of the City Council for the full term of four 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 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 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 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 8th day of May 2018.

MELODY CARRUTH, 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. 2018-05-08-X adopted by the City Council of the City of Laguna Hills, California, at a Regular Meeting thereof held on the 8th day of May 2018, by the following vote:

AYES:

NOES

ABSENT:

ABSTAIN:

(SEAL)

MELISSA AU-YEUNG, CITY CLERK

RESOLUTION NO. 2018-05-08-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 6, 2018, 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 6, 2018, for the purpose of the election of three Members of the City Council; 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, and election officers of the two elections be the same, and that the Registrar of Voters of the County of Orange 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 6, 2018, for the purpose of the election of three Members of the City Council.

SECTION 2. That the Registrar of Voters of the County of Orange 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 Registrar of Voters of the County of Orange 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 Registrar of Voters of the County of Orange.

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 8th day of May 2018.

MELODY CARRUTH, 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. 2018-05-08-x adopted by the City Council of the City of Laguna Hills, California, at a Regular Meeting thereof, held on the 8th day of May 2018, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

(SEAL)

MELISSA AU-YEUNG, CITY CLERK

RESOLUTION NO. 2018-05-08-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 6, 2018

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 6, 2018, 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 6, 2018, 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 8th day of May 2018.

MELODY CARRUTH, 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. 2018-05-08-X adopted by the City Council of the City of Laguna Hills,
California, at a Regular Meeting thereof held on the 8th day of May 2018, 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 8, 2018
TO: Mayor and Council Members
FROM: Kenneth H. Rosenfield P.E.
Assistant City Manager/Director of Public Services
ISSUE: Award of Contract for Turf Renovation, CIP No. 238-C

RECOMMENDATION: That the City Council Award the Contract for Turf Renovation, CIP No. 238-C, to CSA Holdings, Inc., dba Sports Field Services, in the Low Base Bid Amount of \$58,460.00, reject all other bids, and authorize the Mayor to sign the Construction Contract.

SUMMARY:

In accordance with City Council authorization, bids for the subject project were opened on April 24, 2018, at which time three bids were received. The apparent low bidder, CSA Holdings, Inc., dba Sports Field Services, provided the lowest Base Bid for the Fiscal Year 2018-2019 project in the amount of \$58,460.00. CSA Holdings, Inc. provided satisfactory references, is licensed for the contemplated work and successfully completed similar projects for the City. Award of the contract to CSA Holdings, Inc., dba Sports Field Services, in the Base Bid amount of \$58,460.00, is recommended. The Bid Proposal also included two Additive Bid items for the future turf renovation work in Fiscal Year 2020-2021. In accordance with provisions of the Public Contract Code, the award of an additive bid item will be considered at a future date.

BACKGROUND:

On April 24, 2018, three bids for the Turf Renovation, CIP No. 238-C were opened as follows:

Award of Contract for Turf Renovation, CIP No. 238-C

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Bidder	Base Bid Amount
CSA Holdings, Inc., dba Sports Field Services	\$ 58,460.00
KASA Construction, Inc.	\$179,000.00
Los Angeles Engineering, Inc.	\$187,000.00

The Engineer's Estimate for this project was \$100,000. The apparent low bidder, CSA Holdings, Inc., dba Sports Field Services, provided the lowest Base Bid, provided satisfactory references, and is licensed to perform the contemplated work. The work includes a Base Bid of turf replacement at one soccer field and turf/infield repairs at one baseball field and is scheduled to begin in July 2018.

The Bid Proposal included two Additive Bid Items for future work in Fiscal Year 2020-2021 of either (1) turf replacement on two soccer fields plus the baseball field repair work or (2) turf replacement on one soccer field plus the baseball field repair work scheduled for July 2020. Additive Bid Item are not considered part of the Base Bid and can be added or subtracted from the total contract amount after the award of the contract per Section 20103.8 of the Public Contract Code. The award of an Additive Bid Item will be considered at a later date.

FISCAL IMPACT:

The project is funded within the Fiscal Year 2018-2019 Capital Improvement Program Budget for CIP No. 238-C. The total project cost is estimated to be approximately \$110,000, including the City supplied materials plus the construction cost per the above bid.



City of Laguna Hills

City Council/Planning Agency

Staff Report

DATE: May 8, 2018

TO: Mayor and Council Members

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

ISSUE: Grant Application for Environmental Cleanup Program - Phase VII Catch Basin Debris Gate Project, CIP No. 412-G

RECOMMENDATION: That the City Council approve the submission of a Grant Application to the Orange County Transportation Authority for the Measure M2 Environmental Cleanup Program for the Phase VII Catch Basin Debris Gate Project and adopt a Resolution entitled: "A Resolution of the City Council of the City of Laguna Hills, California, authorizing an Application for Funds for the Measure M2 Environmental Cleanup, Tier 1 Grant Program, under Orange County Local Transportation Ordinance No. 3 for the Phase VII Catch Basin Debris Gate Project."

SUMMARY:

In accordance with project categories for Measure M2, the Orange County Transportation Authority (OCTA) has issued a call for projects for the Tier 1 Environmental Cleanup Program (ECP) to provide grant funding for catch basin debris gates, and other devices, intended to mitigate pollutants generated from public roadways which adversely impact storm water runoff water quality. Staff has prepared a draft application for the City's seventh phase of this program. The City Council is requested to approve the submission of this grant application and adopt the required OCTA project application Resolution.

BACKGROUND:

The City has implemented six phases of the installation of the Catch Basin Debris Gate Program which intercepts and prohibits most organic materials and litter from entering

Grant Application for Environmental Cleanup Program - Phase VII Catch Basin Debris Gate Project
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catch basins and storm drains. These project phases have resulted in the installation of Debris Gates at approximately 80% of the City's inventory. This Program has been implemented to improve storm water quality, meet trash control requirements and for compliance with the intentions of Regional Permits issued under the National Pollution Discharge Elimination System Program.

Studies conducted by the City in 2006 show a 70% decrease in the volume of trash and an 81% decrease in volume of silt/sediment in catch basins fitted with the G2 ARS debris gates as compared with similar catch basins without debris gates. The findings concluded that installing ARS throughout the City would significantly decrease trash, pollutants, and debris from entering both the Aliso Creek Watershed, with waters polluted with 303(d) listings: Selenium (Metals), Total Nitrogen as N (Nutrients), Toxicity (Toxicity), and the San Juan Creek Watershed with 303(d) listings: Selenium, Toxicity, Diazinon (Pesticides), Phosphorus (Nutrients), Total Nitrogen as N (Nutrients), DDE/Dichlorodiphenyl-dichloroethylene (Pesticides), Indicator Bacteria (Pathogens).

OCTA recently issued a call for projects for the Tier I ECP to provide a new round of grant funding for catch basin debris gate installations to mitigate pollutants generated from public roadways which adversely impact storm water runoff water quality. To access these grant funds, Staff has prepared the attached draft grant application covering approximately 43 catch basins for the City's seventh phase of this program. Staff will continue to adjust this draft application as to the final locations of work and types of devices to be installed, without affecting the grant funding dollar amount request, prior to the submission deadline of May 18, 2018. The City Council is requested to approve the submission of this grant application and adopt the required OCTA project application Resolution.

The City previously contracted for and selected the G2 Construction Automatic Retractable Screen (ARS) Catch Basin Debris Gate as the standard mechanism for installation at all catch basin openings. The Contractor Services Agreement (CSA) with G2 Construction is set to expire in the near future and staff will return to the City Council with a contract term amendment prior to the CSA expiration.

CEQA FINDINGS:

Environmental review is not required under the California Environmental Quality Act (CEQA) pursuant to the California Code of Regulations, Title 14, Chapter 3, Sections 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect

Grant Application for Environmental Cleanup Program - Phase VII Catch Basin Debris Gate Project
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physical change in the environment) and 15060(c)(3) (the activity is not a project as defined in Section 15378) of the CEQA Guidelines, Cal. Code of Regs, Title 14, Chapter 3, because it has no potential for resulting in physical change to the environment, directly or indirectly.

FISCAL IMPACT:

The Phase VII Environmental Cleanup Program Funding Application, in the amount of \$125,000, requires a 20% local funding match or \$25,000. Funds for this match have been included in the proposed Fiscal Year 2018/2019 Capital Improvement Program Budget for CIP No. 412-G.

ATTACHMENTS:

- Resolution - Debris Gates Phase VII - FINAL
- Draft Laguna Hills 2018-ECP-Tier-1-App

RESOLUTION NO. X

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, AUTHORIZING AN APPLICATION FOR FUNDS FOR THE MEASURE M2 ENVIRONMENTAL CLEANUP, TIER 1 GRANT PROGRAM, UNDER ORANGE COUNTY LOCAL TRANSPORTATION ORDINANCE NO. 3 FOR THE PHASE VII CATCH BASIN DEBRIS GATE PROJECT

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

WHEREAS, Orange County Local Transportation Ordinance No. 3, dated July 24, 2006, and is known and cited as the Renewed Measure M Transportation Ordinance and Investment Plan makes funds available through the Environmental Cleanup Program to help protect Orange County beaches and waterways from transportation-generated pollution (urban-runoff) and improve overall water quality ; and

WHEREAS, the Environmental Cleanup, Tier 1 Grant Program, consists of funding purchases and installation to catch basins with Best Management Practices, such as screens, filters, inserts, and other “street-scale” low flow diversion projects; and

WHEREAS, Orange County Transportation Authority (OCTA) has established the procedures and criteria for reviewing proposals; and

WHEREAS, the City of Laguna Hills possesses authority to nominate water quality improvement projects that have a transportation pollution nexus to finance and construct the proposed project; and

WHEREAS, by formal action the City of Laguna Hills authorizes the nomination of the Phase VII Catch Basin Debris Gate Project, including all understanding and assurances contained therein, and authorizes the person identified as the official representative of the City of Laguna Hills to act in connection with the nomination and to provide such additional information as may be required; and

WHEREAS, the City of Laguna Hills will maintain and operate the equipment acquired and installed; and

WHEREAS, the City of Laguna Hills will give OCTA's representatives access to and right to examine all records, books, papers or documents related to the funded Tier 1 Grant Project; and

WHEREAS, the City of Laguna Hills will cause work on the project to be commenced within a reasonable time after receipt of notification from OCTA and that the project will be carried to completion with reasonable diligence; and

WHEREAS, the City of Laguna Hills will comply where applicable with provisions of the California Environmental Quality Act, the National Environmental Policy Act, the American with Disabilities Act, and any other federal, state, and/or local laws, rules and/or regulations; and

WHEREAS, the City of Laguna Hills must include all projects funded by Net Revenues in the seven-year Capital Improvement Program as part of the Renewed Measure M Ordinance eligibility requirement; and

WHEREAS, the City of Laguna Hills authorizes a formal amendment to the seven-year Capital Improvement Program to add projects approved for funding upon approval from the OCTA Board of Directors; and

WHEREAS, the City of Laguna Hills will provide a minimum of 20% in matching funds for the Phase VII Catch Basin Debris Gate Project as required by the Orange County Comprehensive Transportation Funding Programs Guidelines.

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

SECTION 1. The City Council of the City of Laguna Hills hereby authorizes Kenneth H. Rosenfield, P.E., Assistant City Manager/Director of Public Works, as the official representative of the City of Laguna Hills to accept funds for the Environmental Cleanup, Tier 1 Grant Program, for the Phase VII Catch Basin Debris Gate Project.

SECTION 2. The City Council of the City of Laguna Hills agrees to fund its share of the project costs and any additional costs over the identified programmed amount.

PASSED, APPROVED, AND ADOPTED this 8TH day of May 2018.

MELODY CARRUTH, MAYOR

Resolution No. X

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. x
adopted by the City Council of the City of Laguna Hills, California, at a Regular Meeting
thereof held on the 8TH day of May 2018, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

(SEAL)

MELISSA AU-YEUNG, CITY CLERK

City of Laguna Hills

OCTA Measure M2, Tier 1 Grant Program Application

CATCH BASIN RETROFIT PROJECT ARS SCREEN PROJECT PHASE VII

Prepared For:

Orange County Transportation Authority
Measure M2 Environmental Cleanup Allocation Program,
Tier 1 Grant Program

Attn: Dan Phu and Alison Army
600 South Main Street
Orange, CA 92863-1584
(714) 560-5907

Prepared By:

City of Laguna Hills
Contact: Kenneth H. Rosenfield, P.E.
24035 El Toro Road, Laguna Hills
(949) 707-2655

May 8, 2018



PROJECT X

2018 Tier 1 Call for Projects Application for Funding

APPLICATION INSTRUCTIONS

Local Agencies applying for Project X ECP funds are required to complete and submit this application. Any projects not in compliance with the CTFP Guidelines will not be eligible for funding.

SECTION I: General Project Information

Applicant Information

Agency:	CITY OF LAGUNA HILLS
Project Title:	LAGUNA HILLS ARS SCREEN PROJECT PHASE VII
Project Manager:	KENNETH H. ROSENFELD, P.E.
Title / Department:	ASSISTANT CITY MANAGER/PUBLIC SERVICES DIRECTOR
Phone:	949-707-2655
Email:	KROSENFELD@LAGUNAHILLSCA.GOV

Proposed Funding Summary

ECP Funds:	\$100,000	Local Match Rate (Cash Only):	\$25,000
Total Project Cost:	\$125,000	Project is Part of a Larger Construction Effort:	No

Project Readiness & Schedule

City Council Approval:	5/8/2018
Design & Permitting (If Applicable)	Enter a date.
Award of Contract	12/1/2018
Construction/Installation (Start and Completion)	Start: 12/15/2018 Completion: 2/15/2019

Application Checklist

		YES	N/A
A	Environmental Documentation (As Applicable)	☐	☒
B	Detailed Project Estimate	☒	☐
C	Location Maps & Project Site Photos	☒	☐
D	Detailed Project Schedule	☒	☐
E	Design/Concept Drawings	☒	☐
F	City Council Resolution	☒	☐
G	Project Drainage Area(s), Priority Land Use(s), and BMP Location(s) shapefiles/KMZs	☒	☐

Attachment: Draft Laguna Hills 2018-ECP-Tier-1-App (1555 : Grant Application for Environmental Cleanup Program - Phase VII Catch Basin



PROJECT X

2018 Tier 1 Call for Projects Application for Funding

Project Description – Describe the project location and the Tier 1 type improvements proposed. If the project is included in an existing Integrated Water Management Plan, please provide details on why it was included. Use additional pages as needed.

The City of Laguna Hills proposes to install Automatic Retractable Screens (G2 ARS-CL) in our catch basins (MS4s) that drain to the Aliso Creek Watershed and San Juan Creek Watershed. Specifically, the 43 catch basins are on collector streets adjacent to arterial streets and with high automotive vehicle transport. The City and these catch basins are surrounded by the I-5 and 73 Freeways (all within 2 miles), and receive significant transportation related pollutants.

The project's collector streets (near Moulton Parkway, Oso Parkway, Cabot Rd, La Paz Rd, Alicia Parkway, etc.), see attached maps, receive and drain significant amounts of water and debris towards their catch basins. This water will be filtered through the ARS-CL stainless steel screens, and continue into Aliso Creek, Oso Creek, Trubuco Creek, and/or San Juan Creek (all with 303(d) pollutants) and into the Pacific Ocean. The targeted catch basins have curb-face openings from 4 feet to 28 feet wide, and research has proven that G2 ARS screens are very effective at reducing trash and debris in the catch basin.**

In 2005, the City installed 170 ARS screens, manufactured and installed by G2 Construction, in catch basins throughout Laguna Hills. This project helped to pioneer research and evaluation of catch basin screening BMPs (See results below). Since then, City Staff has implemented a multi-year plan to intervene and reduce urban pollution by installing ARS throughout the City to stop trash, debris, vegetation, silt, and all the pollutants they carry from entering the storm drain system. The City has installed ARS nearly every year since then with projects funded by the City and with grants from this OCTA ECP program. The City's goal is to retrofit all of the City's 561 catch basins.

The ARS-CL screens are designed to stop the most visible pollutants from entering our catch basins (MS4s). Additionally, G2's ARS stainless steel curb screen stops tree limbs, leaves, and droppings at the curb, and prevents anything from piling up inside our catch basins between major storm events. This is critical because the non-visible pollutants can bind and absorb into paper, leaves, and sediment and can contaminate water flowing through the catch basin. No environmental documentation is required for this Phase VII debris gate project.

- Attachment 1 - Detailed Project Estimate.
- Attachment 2 - Location Maps
- Attachment 3 - Representative Project Site Photographs
- Attachment 4 - Detailed Project Schedule
- Attachment 5 - Design/Concept Drawing
- Attachment 6 - Draft City Council Resolution
- Attachment 7 - City Staff Organization Chart
- Attachment 8 - Vendor and Installer info

**SECTION II: Detailed Project Information & Scoring**

1. Describe the need for the selected BMP(s), including nexus to transportation pollutants, and detail the benefits to water quality the BMP(s) will achieve. **(up to 15 Points)**

The City of Laguna Hills plans to install G2 Construction's ARS-CL automatic retractable screens in catch basins (MS4s) on the busiest collector streets not yet retrofitted. The City's past installations of ARS and follow-up research (see below and question #6) shows this BMP to be very effective at reducing trash and pollutants entering catch basins. The 43 catch basins selected for this project's retrofit are located on collector streets near the high volume roadways of Moulton Parkway, Cabot Rd, La Paz Rd, and Alicia Parkway. ARS at these locations have the greatest opportunity to reduce transportation related pollution from entering receiving waters and negatively impacting Orange County's surface and groundwater systems, and harming aquatic life and degrading streams and beaches.

The ARS-CL effectively stops all trash and pollutants that are 3/4" or larger from entering catch basins. As a result, there is a significant benefit to the quality of water in our catch basin and flowing into Aliso Creek and Oso Creek via the J04 and L04 channels, and downstream to Trubuco Creek, San Juan Creek (all with 303(d) pollutants) and into the Pacific Ocean. Studies conducted by the City in 2006 showed a 70% decrease in the volume of trash and an 81% decrease in volume of silt/sediment in catch basins retrofitted with the G2 ARS. The findings concluded that installing ARS throughout the City would significantly decrease trash, pollutants, and debris from entering both the Aliso Creek Watershed with 303(d) listings: Selenium (Metals), Total Nitrogen as N (Nutrients), Toxicity (Toxicity), and the San Juan Creek Watershed, with 303(d) listings: Selenium, Toxicity, Diazinon (Pesticides), Phosphorus (Nutrients), Total Nitrogen as N (Nutrients), DDE / Dichlorodiphenyldichloroethylene (Pesticides), Indicator Bacteria (Pathogens).

The City of Laguna Hills plans to install G2 Construction's ARS-CL automatic retractable screens in catch basins (MS4s) on the busiest arterial and connecting streets not yet retrofitted. The City's past installations of ARS and follow-up research (see below and question #6) shows this BMP to be very effective at reducing trash and pollutants entering catch basins. The 43 catch basins selected for this project's retrofit are located on collector streets near the high volume roadway Moulton Parkway, Oso Parkway, Cabot Rd, La Paz Rd, and Alicia Parkway. ARS at these locations have the greatest opportunity to reduce transportation related pollution from entering receiving waters and negatively impacting Orange County's surface and groundwater systems, and harming aquatic life and degrading streams and beaches

Without the ARS pollution will end up in our catch basins via the public streets and transportation systems, and into the drainage systems serving the transportation system. There is an obvious nexus between these conveyances and the pollutants we're all trying to eliminate. The targeted catch basins have curb-face openings from 4 feet to 28 feet wide. The ARS-CL is the most appropriate BMP to stop and collect the City's trash and pollutants. This collective debris is picked up by the street sweepers which sweep the arterial highways weekly and sweep the residential streets twice per month.

In addition to stopping trash, G2's ARS stainless steel curb screen stops tree limbs, leaves, and their droppings at the curb, and prevents anything from piling up inside our catch basins between major storm events. This is critical because the less-visible pollutants can bind and absorb with



PROJECT X

2018 Tier 1 Call for Projects Application for Funding

2. Based on information provided by the applicant, a cost/benefit calculation will be conducted to compare the total project cost to the area of priority land uses treated by the proposed BMP(s). Please complete the table below: **(up to 16 points)**:

	BMP(s)		
	Type 1	Type 2, etc.	
Type(s) of BMP(s) proposed:	G2 ARS	Click to enter text.	Total
Number of each BMP type:	43	Click to enter text.	
Total drainage area(s) contributing to each BMP type:	TBD	Click to enter text.	
Drainage area(s) that is/are considered Priority Land Uses*:	TBD	Click to enter text.	
Total Project Cost:			\$125,000
Cost/Benefit (\$/ac of priority land uses):			TBD
Project Score (to be completed by OCTA):			Click to enter text.

*Refer to City General Plans for general land use distribution/coverage information. Refer to the Statewide Trash Provisions for a complete definition of Priority Land Uses (e.g. high density residential, industrial, commercial, mixed urban, public transportation stations).

3. Pollutant Reduction Benefits: Project benefits will be based on treatment capacity and BMP type. Applicant to provide the calculations used to determine the following scores: **(up to 12 points)**:

Line	Factor	Points Available	Multiplier	Line Score
A	Fractional percent of 1-yr, 1-hr event peak flowrate treated by the BMP(s)	0 to 1	3	3
B	Fractional percent of 85th percentile, 24-hr design event that is treated by the BMP(s)	0 to 1.5	3	4.5
C	BMP Multiplier: •0 points if BMP is not low-impact development (LID) or treatment control •1/3 point for high capacity systems •2/3 point for filters/biofilters •1 point for zero-discharge BMPs	0 to 1	6	0
Project Score:				7.5
Scoring Equation (Max 12 points): (Ax3) + (Bx3) + (Cx6) <i>Calculations may be provided on a separate sheet</i>				



4. How effectively will the proposed project deal with the more visible forms of pollutants, such as litter and debris? **(up to 10 points)**

The ARS-CL screens are designed to stop the most visible pollutants from entering our catch basins (MS4s). These include plastics, cans, cardboard, cans, styrofoam, clothing, cigarettes and more are seen floating down waterways, creeks, and washing up on Pacific Ocean beaches and waters along the way. Additionally, G2's ARS stainless steel curb screen stops tree limbs, leaves, and droppings at the curb, and prevents anything from piling up inside our catch basins between major storm events. This is critical because the non-visible pollutants can bind and absorb into paper, leaves, and sediment and can contaminate water flowing through the catch basin.

Eliminating both visible and less-visible pollutants from entering our waters is top priority.

Visible pollutants are deposited onto public streets in many ways - from improperly secured landscape vehicles and trash or recycling trucks, to fast-food eating drivers that leave plastics, paper, food and trash, to unsecured truck beds with trash that falls out, to bus riders who litter at bus stops. The ARS-CL screens the entire opening of our catch basin, and is the best defense against visible trash.

Unfortunately, some people intentionally throw visible trash and pollutants into catch basins secretly. The ARS-CL is the best preventer of these pollutants because the stainless steel self-closing and locking screen prevents dumping of items through the curb-face. It acts as an excellent deterrent to polluters who consciously, or unconsciously pollute. The presence of ARS screens in high priority areas has helped educate the public by reminding everyone, "nothing but rain in the storm drain." In conjunction with our street sweeping program we believe it's the most effective means of preventing visible pollution from being seen floating downstream, littering waterway shorelines, and ultimately spilling to the ocean and beaches.

The City has installed G2's current model ARS-CL screens during each of the past 3 years and they've been very effective. The current model is significantly improved over the original model 12 years ago. **Studies conducted by the City in 2006 showed a 70% decrease in the volume of trash and an 81% decrease in volume of silt/sediment in the catch basin fitted with the G2 ARS debris gates as compared with similar catch basins without debris gates. The findings concluded that installing ARS throughout the City would significantly decrease trash, pollutants, and debris from entering both the Aliso Creek Watershed, with waters polluted with 303(d) listings: Selenium (Metals), Total Nitrogen as N (Nutrients), Toxicity (Toxicity), and the San Juan Creek Watershed, with 303(d) listings: Selenium, Toxicity, Diazinon (Pesticides), Phosphorus (Nutrients), Total Nitrogen as N (Nutrients), DDE / Dichlorodiphenyldichloroethylene (Pesticides), Indicator Bacteria (Pathogens).

5. What other BMP types were considered for this project? Why was the proposed BMP **(5 points)**



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The City already implements positive BMPs, but they have not eliminated 100% of pollutants from entering our storm drain system.

1. Street sweeping. This BMP alone is relatively expensive and cannot be performed on a daily basis so it is not as effective as the chosen BMP. Sweeping without an ARS in place can increase basin trash levels.
2. Litter control through enforcing anti-litter laws; providing litter receptacles in busy and high pedestrian traffic areas of the community such as at bus stops and along trails.
3. Cleaning litter receptacles on a regular basis to avoid litter overflow.
4. Waste reduction by promoting recycling and providing recycling containers in busy, high pedestrian traffic areas of the community.
5. Community education in the form of posters in public places, door hangers, school visits, and clean-up campaigns. The problem with these is they are labor intensive, costly, and require ongoing support. They also do not completely change people's behavior.

The City had installed screens manufactured by G2 Construction, Inc. at approximately 170 locations throughout the City prior to the OCTA ECP program. From the studies done by the City in 2006, these screens have proven to be an effective BMP in reducing pollutants into the storm drain system. Consequently, the City is utilizing the ARS-CL by G2 Construction for this Phase VI project.

6. Provide information on proposed BMP performance efficiency and/or effectiveness, including pollutant capture, storage capacity, flow capacity, etc. **(up to 6 points)**



PROJECT X

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In 2005-2006, the City of Laguna Hills participated in the Sulphur Solution Project with the City of Laguna Niguel. One key component of the project was to install G2 Construction automatic retractable screens (ARS) in catch basins across the City. In 2006 the City's catch basins were cleaned and the trash, debris, soil and "muck" was measured and the data was analyzed. This data was submitted to the San Diego Regional Water Quality Control Board that year.

Data analysis showed that, on average, catch basins retrofitted with the ARS had a 70% drop in the volume of trash and an 81% drop in the volume of soil/muck/sediment, as compared with similar catch basins without ARS screens. Data showed that there was an average volume of 4.7 cubic feet of trash and debris is collected in our catch basin without an ARS. This volume was reduced to 1.4 cubic feet per catch basin after installing the debris gate. This shows a net reduction of 3.3 cubic feet per catch basin.

For the current project's 76 catch basins, assuming similar results, we anticipate a reduction of 250 cubic feet of trash and debris per season from downstream tributary drainage areas.

Moreover, the ARS CL12 debris gate was tested in October 2012 by LACDPW at their BMP testing site at San Gabriel dam. A total of 10 tests were performed including water flow rates ranging from 0.25 to 5.0 cfs. The ARS CL12 debris gate passed testing at all flow ranges and the Design Division concluded the device met all requirements for performance and safety.

G2 Construction's ARS-CL is customized during fabrication to fit each specific catch basin. The ARS screens prevent all objects $\frac{3}{4}$ " or larger from entering the catch basin and current model ARS-CL prevents 85-95% of debris, trash, and pollutants from ever entering the waterway system from our streets. The ARS CL12™ devices are approved by and installed in Orange County cities, Los Angeles County (LACDPW), City of LA PW, the San Francisco Bay Area (ABAG), and virtually all cities in Southern California.

POLLUTANT CAPTURE: Stops all pollutants and objects $\frac{3}{4}$ " and larger from entering catch basins and water systems.

STORAGE CAPACITY: Not applicable.

FLOW CAPACITY: Automatically unlocks and opens during storm events to prevent street flooding and automatically re-locks in the closed position after storm to prevent pollutant access.

7. Project Readiness: How long after OCTA Board of Directors approval (September 2018) will the project be operational (select one)? **(up to 6 points):**

☒ <4 Months 6 Points	☐ 4 – 8 Months 4 Points	☐ 8 – 12 Months 2 Points	☐ > 12 Months 1 Point
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8. Will the project provide any secondary benefits beyond water quality improvements (i.e., water-use efficiency, public awareness, flood control, recreation, habitat, sustainability)? **(up to 5 points)**



Secondary benefits, beyond water quality improvements include:

1. Public awareness that catch basins need to be protected from trash and pollutants. The City's installation of ARS-CL on arterial streets and throughout the City shows the public that protecting rain water systems is a very high priority.
2. Recreationally, health and human safety dangers are reduced for children and adults playing in streams, waterways, and on the beach downstream. Reduction of sharp objects (syringes, metal, broken glass, etc.) or bacteria and disease is a clear public benefit.
3. Habitat health and safety of aquatic life, birds, and wildlife that eat the trash believing it is food will be better protected by our project's ARS BMPs. Plastics and trash can entangle birds and animals, and/or be swallowed and lead to death.
4. Sustainability of the storm drains system, the stream beds and shores, and soil under the flowing water, have reduced contamination of pollutants passing through and settling in it for the long term.
5. Economically, the reduction of trash in waterways and beaches can have a significant positive impact on tourism in Orange County, and add to the local economy. News of pollution on beaches sends visitors to other vacation spots, and our project should aid the local economy.
6. Property values may be helped in areas with the G2 ARS because of the environmentally positive display to existing owners and prospective buyers.

9. What is the methodology for measuring pollutant reduction before and after the BMP is implemented? How frequently will monitoring and performance assessment occur? **(up to 10 points)**

The City has a multi-step methodology for measuring pollutant reduction and monitoring performance.

1. The City street maintenance staff and supervisor visually observes the amount of pollutants and debris that build up in front of the ARS screens. Staff drive the streets daily and provide input and feedback about the amount of pollution. Special attention will be paid to the installed locations before, during, and after storms. When excess amounts are found in front of the ARS, it is removed and/or street sweeping crews are notified.
2. Visual inspections of every ARS installed is conducted twice per year, and observations about trash and debris levels in front are made. Manual cleaning and maintenance of the ARS will occur annually each August, and as needed.
3. Interviews and discussions with street sweeping crews regarding the quantity and types of trash found in front of catch basins helps to build understanding of the types and quantity of pollution being stopped.
4. The amount of debris removed during the City's annual catch basin debris gate cleaning will be measured and recorded. Previous data will be compared to the new data and the City will be able to quantify the effectiveness of the ARS devices. This data will be reported to the Regional Water Quality Control Board as a part of the NPDES annual report.



PROJECT X

2018 Tier 1 Call for Projects Application for Funding

10. Provide an operations and maintenance plan for the lifespan of the proposed project. Include schedule of inspections, cleaning, removal and disposal of pollutants, repairs, etc. **(up to 15 points)**

The proposed ARS screens have a ten year lifespan as warranted by the Manufacturer. The City provides ongoing services that includes inspections, cleaning, and maintenance for the ARS debris gates.

1. Inspections will be completed by the City's Street Maintenance Supervisor at least twice per year, per the Inspection Schedule, plus on an as needed basis. The time utilized for inspections shall be recorded by each location and phase of installation. The inspections take place typically during the months of October and April.
2. Cleaning and Maintenance. Cleaning of material in front of ARS-CL, as provided by street sweeping services, will occur weekly on Arterial roadways and twice per month on Residential and Collector Roadways.
3. Manual cleaning and maintenance of ARS debris gates will be performed annually by private contractor with oversight of the Street Maintenance Supervisor. Cleaning shall occur each August in preparation for the upcoming storm season. Maintenance, such as repairs and verification of operating condition, will be completed on an as needed Task Order basis.
4. In the event the ARS needs repair, the City will take photos and contact G2 Construction for service under the warranty.
5. Cleaning of the catch basins shall include the cleaning of the ARS debris gate and removal of all debris by either manual or vacuum truck assisted removal means. The volume of the debris removed shall be measured for record purposes. The debris shall be disposed of at a County disposal site.

11. BONUS: Is the proposed local match over the 20% minimum cash match requirement? If yes, enter match rate here. **(0.5 points for each 5% overmatch, up to 5 points)**

Click to enter text.

Note: In-kind services are not eligible as local match

SECTION III: Additional Project Details



PROJECT X

2018 Tier 1 Call for Projects Application for Funding

Match Sources

Other Grants: Non-M2 competitive grants may be used as match. Any grants used as match must be dedicated to the project for match credit to be received. Please list the name and amount of the grants being proposed as match.

Click to enter text.

Joint Applicant Information (if applicable)

See program guidelines for details on joint applicant applications and enter the details below.

Local Agency: Click to enter text.

Local Agency: Click to enter text.

Project Manager: Click to enter text.

Project Manager: Click to enter text.

Phone: Click to enter text.

Phone: Click to enter text.

Email: Click to enter text.

Email: Click to enter text.

Additional Comments

Click here to enter text.

I hereby certify that the information provided herein this form is accurate and consistent with accompanying documentation. I further certify that the above information has been approved by Council resolution and that awarded funds will not be used outside of their intended purpose.

Click here to enter text.

Name (Print)

Signature

Date



Lic. #801253 - A, C8, C60
 1352 E. Borchard Ave.
 Santa Ana, CA 92705
 714.748.4242

Proposal

Phase VII - ARS CL12™ Installations

(OCTA Measure M2 Environmental Cleanup Program, Tier 1)

Customer: **City of Laguna Hills**
 24035 El Toro Dr.
 Laguna Hills, CA 92653

Prepared: 5/1/2018

Eric H. Taylor

Contact: Vince Cardona
 Phone: 949-707-2653
 vcardona@lagunahillsca.gov

By: Eric H. Taylor
 Phone: 714.679.2550
 etaylor@G2Construction.com

DESCRIPTION

City of Laguna Hills - Phase VII Debris Screens for OCTA Grant application. Per the City's list of catch basins, G2 proposes to install ARS CL12™ in the following 43 CBs.

Products and services included custom fabrication and installation of G2's ARS-CL12™ device made of stainless steel (approved for OCTA ECP Tier 1 funding and LACDPW) . Plus warranty.

#	Address	Cross Street	Side	Tag No.	W (ft)	Price
1	Anadale 26871	Vista Viejo	W/S	544	3.5	\$598
2	Anadale 26861	Vista Viejo	W/S	546	14x	\$2,003
3	Appaloosa 40' S/O	La Paz Rd	W/S	447	10	\$1,343
4	Buckboard 20' E/O	Stetson	N/S	436	14x	\$2,003
5	Buckskin 24952 S/O	Mustang	W/S	454	28x	\$3,911
6	Buckskin 20' S/O	Mustang	E/S	455	28x	\$3,911
7	Dapple Grey 30' E/O	Nellie Gail Rd	N/S	427	3.5	\$598
8	Dapple Grey 30' E/O	Nellie Gail Rd	S/S	432	14x	\$2,003
9	Dapple Grey 400' E/O	Nellie Gail Rd	N/S	430	14x	\$2,003
10	Dapple Grey 400' E/O	Nellie Gail Rd	S/S	429	14x	\$2,003
11	Dapple Grey 450' E/O	Nellie Gail Rd	N/S	426	14x	\$2,003
12	Dapple Grey 425' E/O	Nellie Gail Rd	S/S	428	14x	\$2,003
13	Dapple Grey 250' E/O	Nellie Gail Rd	N/S	431	14x	\$2,003
14	Glen Canyon 26191	Bridlewood	N/S	403/574	28x	\$3,911
15	Glen Canyon 26202 E/O	Bridlewood	S/S	404	28x	\$3,911
16	Greenfield 50' N/O	73 Toll Rd	W/S	477	14x	\$2,003
17	Hitching Rail 20' N/O	Cabot Rd	E/S	385	10	\$1,343
18	Hitching Rail 26252 E/O	Tombstone	E/S	397	21x	\$3,191
19	Hitching Rail 20' N/O	Tombstone	W/S	369	21x	\$3,191

20	Hitching Rail 10' N/O	Pecos Rd	W/S	317	21x	\$3,191
21	Hitching Rail 26062 N/O	Pecos Rd	E/S	346	21x	\$3,191
22	Hitching Rail 80' E/O	Tombstone	N/S	352	28x	\$3,911
23	Hitching Rail 80' N/O	Tombstone	W/S	368	28x	\$3,911
24	Lost Colt 27212	Stage Line	N/S	501	14x	\$2,003
25	Lost Colt 27131	Stage Line	N/S	500	24x8	\$3,911
26	Lost Colt 27132	Stage Line	S/S	499	24x8	\$3,911
27	Lost Colt 27062	Westridge	N/S	496	21x	\$3,191
28	Lost Colt 27222	Westridge	N/S	502	14x	\$2,003
29	Lost Colt 27231	Westridge	S/S	503	24x8	\$3,911
30	Nellie Gail Rd 24761 E/O	Lost Colt	N/S	382	10	\$1,343
31	Nellie Gail Rd 50' W/O	Cabot Rd	S/S	359	21x	\$3,191
32	Nellie Gail Rd 50' W/O	Cabot Rd	N/S	357	21x	\$3,191
33	Nellie Gail Rd 50' E/O	Bridlewood	S/S	365	10	\$1,343
34	Nellie Gail Rd 10' N/O	Dapple Grey	S/S	520	12x4	\$2,003
35	Nellie Gail Rd 50' N/O	Oso Pkwy	S/S	374	21x	\$3,191
36	Nellie Gail Rd 50' N/O	Oso Pkwy	W/S	373	21x	\$3,191
37	Nellie Gail Rd 800' W/O	Empty Saddle	N/S	379	21x	\$3,191
38	Nellie Gail Rd 100' E/O	Lost Colt	N/S	606	21x	\$3,191
39	Nellie Gail Rd 26031 W/O	Hitching Rail	N/S	360	28x	\$3,911
40	Nellie Gail Rd 40' E/O	Moulton Pkwy	N/S	604	14x	\$2,003
41	Nellie Gail Rd 70' E/O	Lost Colt	S/S	383	21x	\$3,191
42	Rapid Falls 20' E/O	Cabot Rd	N/S	448	14x	\$2,003
43	Rapid Falls 20' E/O	Cabot Rd	S/S	481	21x	\$3,191

Notes:

Pricing based on OCTA Master Pricing with Vol. Discount

Pricing does not include project bonding or catch basin cleaning.

Final amount to be revised after final measurements.

Subtotal	\$115,203
Traffic Control	\$9,797
Taxes	\$0
Shipping/Delivery	\$0
Total	\$125,000



City of Laguna Hills

City Council/Planning Agency

Staff Report

DATE: May 8, 2018

TO: Mayor and Council Members

FROM: David Chantarangsu
Community Development Director

ISSUE: Periodic Review of Development Agreement No. 12-11-2137 (Ordinance No. 2012-4) Between the City of Laguna Hills and Laguna Hills Investment Company: Oakbrook Village Shopping Center Mixed Use Project

RECOMMENDATION: That the City Council: (1) Receive and file a report demonstrating the property owner's good faith compliance with the terms and conditions of the Development Agreement; and (2) Find and determine that the Laguna Hills Investment Company has complied in good faith with the terms and conditions of the Development Agreement for the 12-month period of January 2017 to January 2018.

SUMMARY:

In 2012 the City entered into a Development Agreement with Laguna Hills Investment Company for the redevelopment of the Oakbrook Village Shopping Center. In 2014, Laguna Hills Investment Company assigned an interest in the Development Agreement to Oakbrook Urban Village I, LLC, the developer of the Phase 1 residential portion of the Project. In 2015, the City and the two property owners entered into Amendment No. 1 to the Development Agreement. In 2016, the City and the two property owners entered into Amendment No. 2 to the Development Agreement. The Development Agreement, as amended, provides for a general renovation program for the shopping center, including the establishment of a mixed-use residential development within the property, along with significant property improvements. The project is more specifically described below.

The Municipal Code and the Development Agreement provide for the City Council annually review the Owners' good faith compliance with the terms of the Development Agreement. To support the City's determination, the Owner has provided a description

Periodic Review of Development Agreement- Oakbrook Village

May 8, 2018

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of the activities it has undertaken to comply with the Agreement. These activities are described in **Attachment 1**.

Staff has reviewed the list of activities identified in the progress letter and agrees that the Owner has complied in good faith with the Agreement. Additionally, staff has met several times with the Laguna Hills Investment Company and has been in regular contact with them during the past year to ensure that the Applicant continues to make progress in implementing the project.

AUTHORITY:

Section 9-84.060 (Periodic Review) of the Laguna Hills Municipal Code states:

“Each development agreement shall be reviewed annually by the City Council to determine compliance with provisions contained therein. A report of the findings of that review shall be made a part of the project record. Each developer or owner of land subject to a development agreement shall provide written data and report to the Community Development Director demonstrating compliance with the terms and conditions of the agreement.”

Section 18 of the Development Agreement also provides for the City’s periodic review, at least every 12 months, of the Owners’ good faith compliance with the terms of the Development Agreement. At the time of each review, the property owner is to submit evidence to the City’s Community Development Director demonstrating its good faith compliance with the terms and conditions of the Development Agreement. The City Council then determines whether or not the property owner has, for the period under review, complied in good faith with the terms and conditions of the Development Agreement.

BACKGROUND:

In 2012, the Laguna Hills Investment Company, the owner of the Oakbrook Village Shopping Center, located at 24231-24391 Avenida de la Carlota in the Urban Village Specific Plan area, filed zoning applications requesting land use entitlement approvals for the redevelopment of Oakbrook Village Shopping Center with a two-phased mixed-use development (the “2012 Project”). The 2012 Project contemplated the development of up to 489 residential dwelling units (289 in Phase 1 and up to 200 in Phase 2) in multistory residential buildings and approximately 82,575 square feet of new commercial/retail space (23,974 in Phase 1 and 58,600 in Phase 2), along with

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building façade enhancements, pedestrian paseos (walkways), village greens, landscaping, and connectivity to Five Lagunas. To accommodate this new construction, the 2012 Project contemplated that a significant portion of the existing commercial building area would be demolished, resulting in a net total of at least 132,200 square feet of commercial/retail space in the center after completion of Phase 1 and at least 125,000 square feet of commercial/retail space within the center after completion of Phase 2.

On November 13, 2012, the Planning Agency adopted Resolution No. PA2012-11-13-1 approving Site Development Permit/ Master Sign Program/ Conditional Use Permit/ Parking Use Permit/ Vesting Tentative Tract Map/ Precise Plan/ Development Agreement No. 12-11-2137 for Phase 1 of the 2012 Project (the "Phase 1 Project Approvals"), subject to specified conditions of approval.

On November 27, 2012, the City Council adopted Ordinance No. 2012-4 approving a Development Agreement between the City and the Laguna Hills Investment Company pertaining to Phase 1 and Phase 2 of the 2012 Project (the "Development Agreement"), which Development Agreement became effective December 28, 2012 and was recorded in the Official Records, Orange County Clerk-Recorder's Office on January 2, 2013, as Document No. 2013000002329. The Development Agreement contains specific provisions regarding the timing of development of Phase 1 components of the Project, the provision of public art, and the completion of required public improvements. The new commercial space in Phase 1 includes development of two "Deferred Retail Pads" which, pursuant to the Development Agreement, may be completed at any time prior to, or concurrently with, Phase 2. In addition, the Development Agreement provides that, subject to obtaining all applicable Subsequent Development Approvals, in lieu of one or both of the Deferred Retail Pads, the property owner may develop an equivalent or greater amount of new retail space on the property.

On February 11, 2014, the Planning Agency adopted Resolution No. PA2014-02-11-2 making modifications to certain Conditions of Approval of the Phase 1 Project Approvals related to the early issuance of building permits and other project sequencing matters.

On April 24, 2014 Laguna Hills Investment Company assigned an interest in the Development Agreement to Oakbrook Urban Village I, LLC, as described and as set forth in that certain Assignment of Development Agreement dated April 24, 2014, as recorded in the Official Records, Orange County Clerk Recorder's Office, on April 2, 2014, bearing document number 2014000157001.

On July 8, 2014, the City Council approved Operating Memorandum No. 1 to the Development Agreement to clarify certain matters pertaining to the provision of public art in conjunction with the project. Under operating Memorandum No. 1, the deadline

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for the installation of the public art was moved from the first residential Certificate of Occupancy to the last residential Certificate of Occupancy.

Laguna Hills Investment Company and Oakbrook Urban Village I, LLC (collectively, the "Owners") subsequently proposed an Amendment No. 1 to the Project Development Agreement to extend the time periods for commencement or completion of certain on-site improvements in Phase 1 of the Project. On February 10, 2015, the Planning Agency adopted Resolution No. PA2015-02-10-1 modifying Condition of Approval No. 47 of the Phase 1 Project Approvals to extend time frames related to the construction of the pedestrian and parking lot paseos consistent with the proposed Amendment No. 1 to the Project Development Agreement. On February 24, 2015, the City Council adopted Ordinance No. 2015-3 approving Amendment No. 1 to Development Agreement, which Amendment No. 1 to Development Agreement became effective March 27, 2015, and was recorded in the Official Records, Orange County Clerk-Recorder's Office on March 31, 2015, as Document No. 2015000163595.

On July 14, 2015, the City Council approved the First Amendment to the Operating Memorandum No. 1 to the Development Agreement, which modified Section 3.4 of the Operating Memorandum to require that the public art for Phase 1, specified in the approved Final Public Art Plan, be furnished and installed by the Owner prior to October 31, 2016.

The Owners subsequently proposed an Amendment No. 2 to the Development Agreement to modify the timing, location, and scope of development of certain on-site pedestrian, landscaping, and façade improvements. On March 8, 2016, the Planning Agency adopted Resolution No. 2016-03-8-1 amending Resolution Nos. PA2015-02-10-1, PA2012-11-13-1 and PA2014-02-11-2 to modify Condition of Approval No. 47 of the Phase 1 Project Approvals to be consistent with the Development Agreement, as amended by Amendment Nos. 1 and 2 to Development Agreement, and to modify Condition of Approval No. 54 of the Phase 1 Project Approvals to extend the time period by which Owner is required to construct secondary entry signs. On March 22, 2016, the City Council adopted Ordinance No. 2016-2 approving Amendment No. 2 to Development Agreement, which Amendment No. 2 to Development Agreement became effective April 22, 2016, and was recorded in the Official Records, Orange County Clerk-Recorder's Office on April 26, 2016, as Document No. 2016000181582.

On March 22, 2016, the Planning Agency and City Council approved the Five Lagunas Project, which proposed the redevelopment of the Laguna Hills Mall shopping center to the north of the current project site (and also within the UVSP) into a mixed-use urban village center branded "Five Lagunas" (the "Five Lagunas Project").

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On August 23, 2016, the City Council approved the Second Amendment to Operating Memorandum No. 1 to the Development Agreement, which further extended the date to furnish and install the public art for Phase 1 to February 28, 2017.

On February 27, 2017, the City Council approved the Third Amendment to Operating Memorandum No. 1 to the Development Agreement. The Amendment extended the date by which the Owner was required to have furnished and installed the public art for Phase 1 to April 30, 2017.

In August 2017, the Owner submitted an application for a Subsequent Development Approval in accordance with the Development Agreement for the 2012 Project for Site Development Permit/Master Sign Program Amendment No. 8-17-3965 (a) to demolish the existing vacant 7,800 square foot Lone Star restaurant building, (b) to construct two new commercial/retail buildings (approximately 20,650 square feet total) in place of the existing Lone Star restaurant and in lieu of constructing one of the Deferred Retail Pads, (c) to modify the parking area and construct the relocated Parking Lot Paseo #2 and new East-West Parking Lot Paseo 2A described in Amendment No. 2 to the Development Agreement; and (d) to amend the Master Sign Program for the Oakbrook Village mixed-use commercial center (collectively, the "2018 Project"). On April 10, 2018, the Planning Agency and City Council adopted Resolution No. PA2018-04-10-1 approving the 2018 Project.

Summary of Improvements Completed To Date

To date, the mixed-use building containing 289 residential units above ground-floor commercial tenant spaces (Reata), the Phase 1 Village Green, the required façade upgrades of the remaining buildings, and certain pedestrian paseos and other required Phase 1 Public Improvements have been completed. In addition, in April 2017, the public art piece approved by the City Council was installed at the Plaza Green of the Reata Apartments and serves as a community gathering place.

Future improvements remaining to be completed include the following:

- Development of the second Deferred Retail Pad. Pursuant to Section 5.4.2 of the Development Agreement, this may be completed at any time prior to, or concurrently with, development of Phase 2.
- Hillside Pedestrian Paseo. Pursuant to Section 4.B of Amendment No. 2 to the Development Agreement, the Hillside Pedestrian Paseo are to be completed on or before (a) the date that is six (6) months after the date the City issues the first certificate of occupancy for a new commercial building on the Five Lagunas Property adjacent to Oakbrook Village in the approximate location identified as "Building B" on Exhibit D to Amendment No. 2, or (b) December 28, 2023,

whichever occurs first. To date, the referenced "Building B" on the Five Lagunas Property has not yet been built.

- Improvements Along North Property Line other than the Hillside Pedestrian Paseo. Pursuant to Section 4.C of the Amendment No. 2 to the Development Agreement, in lieu of construction of a pedestrian trail, Owner is to plan and construct new, enhanced landscape improvements and vehicular and pedestrian connections at the north Property line, which create coordinated and compatible linkages at the north Property boundary line between Oakbrook Village and the Five Lagunas Property. This will require coordination and cooperation between the Owners and the owners of the Five Lagunas Property and approval of Subsequent Development Approvals by the City. Pursuant to Amendment No. 2 to the Development Agreement, these improvements are to be completed on or before (a) the date that is six (6) months after the date the City issues the first certificate of occupancy for a new residential building on the Five Lagunas Property near Oakbrook Village in the approximate location identified as "Building A" on Exhibit D to Amendment No. 2, or (b) December 28, 2023, whichever occurs first. Amendment No. 2 to the Development Agreement also provides for the Owners to submit a complete application for Subsequent Development Approvals to construct these north property line improvements on or before (a) the date that is 180 days after the date on which the City approves entitlements for construction of the referenced Building "A" on the Five Lagunas Property, or (b) March 2, 2017, whichever occurs last. Although the City approved the Five Lagunas Project in March 2016, a Final Map that would allow for the development of the referenced "Building A" has not yet been submitted by the owners of the Five Lagunas Property.
- The Phase 2 improvements. These are currently contemplated to include, without limitation: (i) a maximum of 200 additional multi-family residential units; (ii) a minimum of 27,000 square feet of new retail space within the residential/retail mixed-use structures or on other areas on the Property; (iii) such additional new retail space necessary to result in a minimum of 125,000 total aggregate square feet of retail space on the Property; (iv) an approximately 7,000 square foot secondary village green area directly adjacent to the Phase 1 village green area; (v) a potential reconstructed north-south pedestrian paseo pursuant to Section 6.A of Amendment No. 2 to the Development Agreement; (vi) a potential new east-west pedestrian paseo pursuant to Section 6.B of Amendment No. 2 to the Development Agreement; and (vii) new light poles pursuant to Section 6.C of Amendment No. 2 to the

Periodic Review of Development Agreement- Oakbrook Village

May 8, 2018

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Development Agreement. Pursuant to Section 5.4.4 of the Development Agreement, in the event the Owners elect to proceed with the development of Phase 2, they must apply for all Phase 2 Project Approvals simultaneously.

Attachment 1 identifies a list of activities the Owner believes demonstrates its good faith compliance with the terms of the Development Agreement. The information submitted by the Owner in Attachment 1 provides the City Council with sufficient information to determine that the Owner has complied with the terms and conditions of the Development Agreement for this review period. All improvements provided to date are considered part of Phase 1 under the Development Agreement.

ATTACHMENTS:

- November 28, 2017 Letter from the Fritz Duda Company



Real Estate Investment Builders • Developers

November 28, 2017,

David Chantarangsu
Community Development Director
City of Laguna Hills
24035 El Toro Road
Laguna Hills, California 92653

Re: Development Agreement for the Oakbrook Village Shopping Center Mixed-Use Project
dated December 28, 2012 ("Development Agreement")

Dear David:

Pursuant to Section 18.2 of the Development Agreement, Laguna Hills Investment Company hereby submits the following summary (attached hereto) of our development activities during the calendar year, 2017, constituting good faith compliance with the terms of the Development Agreement, First Amendment to the Development Agreement and Second Amendment to the Development Agreement.

Please let me know if you have any questions or need any further information.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Paul C. Bernard', is written over a light blue horizontal line.

Paul C. Bernard
Vice President, Western Region

Cc: Fritz L. Duda, President, Laguna Hills Investment Company
Bruce Channing, City Manager
Donald J. White, Assistant City Manager
Drew Keith, CFO, Vice President, Fritz Duda Company
Gregory E Simonian, City Attorney
Rob Winkel
Julie Molloy, Senior Planner

5950 Berkshire Lane • Suite 800 • Dallas, TX 75225 • 972.616.8777 • Fax 972.991.5184
3425 Via Lido • Suite 250 • Newport Beach, CA 92663-3929 • 949.723.7100 • Fax 949.723.1141
212 West Kinzie Street • 5th Floor • Chicago, IL 60654 • 312.222.0085 • Fax 312.222.0552
4785 Caughlin Parkway • Reno, NV 89519 • 775.332.8251 • Fax 775.827.2185

www.fritzduda.com

City of Laguna Hills ("City") and Laguna Hills Investment Company ("Owner")

November 28, 2017 (for full calendar year, 2017)

Phase 1 and Phase 1 Public Improvements

Description of Scope per Paragraphs 1.23

and 1.25 of Development Agreement

Paragraph 1.23 (Phase 1)

Description of Compliance Activity

- (i) Demolition of 82,730sf of existing retail space
- (ii) Construction of Deferred Retail Pads plus 9,000sf

Completed in July, 2014.

Planning deferred subject to market conditions and completion of Phase I multifamily. Pursuant to Section 5.4.2 of the Development Agreement and Recital J of the Second Amendment to the Development Agreement dated April 22, 2016, Owner may submit an application for Subsequent Development Approvals for the development of two new retail structures depicted as Buildings "A1" and "A2" on Exhibit E of the Second Amendment. Owner anticipates submitting for Approvals in the first quarter of 2017 for these buildings.

- (iii) Renovation of all retail building facades except D&E

Building B exterior façade remodel completed July, 2014. Building H (Trader Joe's) exterior façade remodel completed on December 21, 2015. Buildings A, C, P and Q façade remodel completed in November 2016 as required under the Second Amendment to the Development Agreement dated April 22, 2016.

- (iv) Construction of 289 multi-family residential units

Completed November 2016. CofO granted by the city of Laguna Hills on December 12, 2016

- (v) Construction of Phase 1 Public Improvements

(See below).

Paragraph 1.25 (Phase 1 Public Improvements)

Description of Compliance Activity

- (i) Construction of 17,000sf Village Green

Completed November 2016

- (ii) Construction of east-west pedestrian paseo

Completed December 21, 2015

(iii) Construction of north-south pedestrian paseo	Completed in November of 2016 along with the completion of the required improvements for Building A, C, P and Q under the 2nd Amendment to the Development Agreement.
(iv) Construction of hillside pedestrian paseo	Deferred under Amendment #2 to the Development Agreement.
(v) Construction of a north P/L pedestrian trail	Pursuant to Amendment #2 to the Development Agreement the “east-west paseo” has been removed for the benefit of a joint landscape enhancement plan between LHIC and Mall ownership. The new “east-west paseo” will be required at the times (independently) that Buildings A-1, A-2 and B-1, B-2 are built.
(vi) Construction of two parking lot paseos	Complete December 21, 2015.
(vii) Construction of bldg. pedestrian connections	Completed . Contained in Phase 1 multi-family and retail redevelopment
(viii) Installation of traffic signal on Carlota	Completed.
(ix) Dedication of public ROW for Carlota	Completed.
(x) Construction of various storm drain items	Completed.
(xi) Installation of debris grates at catch basins	Completed.
(xii) Realignment of OBV driveway by Lone Star	Completed.
(xiii) Construction of ADA curb ramps along Carlota	Completed.
(xiv) Construction of misc. public improvements required per Existing Land Use Regulations and conditions of approval to the Existing Development Approvals	Completed.



City of Laguna Hills

City Council/Planning Agency

Staff Report

DATE: May 8, 2018
TO: Mayor and Council Members
FROM: Melissa Au-Yeung
Deputy City Manager
ISSUE: Fiscal Year 2018/2019 Trauma Intervention Program Agreement

RECOMMENDATION: That the City Council approve the proposed Victim Support Services Agreement for Fiscal Year 2018/2019 with Trauma Intervention Programs, Inc. and authorize the City Manager to execute the Agreement.

SUMMARY:

The City of Laguna Hills has given financial support to Trauma Intervention Programs, Inc. (TIP) since June 24, 1997. The services provided by TIP are invaluable to victims of traumatic events and their families that live in, or are visitors, to the City. TIP counselors also offer valuable assistance to our Public Safety Officers when needed. This arrangement remains both effective and cost efficient.

The Agreement ensures that the level of services provided by TIP will remain the same as in past years. This includes providing the City with TIP volunteer availability and services 24-hours a day for the year. Some of the services TIP provides are grief counseling, referral services, shelter, food, and transportation arrangements.

Section 3-08.070 of the Laguna Hills Municipal Code (LHMC) allows for the procurement of services in the open market without competitive formal or informal bidding for agreements with a dollar value of up to \$25,000. Additionally, pursuant to Section 3-08.110 (A) of the LHMC, the Purchasing Officer is authorized to waive the purchasing requirements in instances of sole source procurements. As TIP is the only service provider of this type of service, this exemption is applicable.

FY 2018/2019 TIP Agreement

May 8, 2018

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FISCAL IMPACT:

The total cost of the service is \$3,641.28 which equates to \$0.12 per capita based on the 2010 City population estimate of 30,344 from the 2010 United States Census Report. The cost per capita did not increase over last year.

ATTACHMENTS:

- FY 2018/2019 TIP Agreement

CONSULTING SERVICES AGREEMENT

Trauma Intervention Programs, Inc.
(On-Call Trauma Victim Support Services – FY 2018-19)

THIS AGREEMENT FOR TRAUMA VICTIM INTERVENTION SUPPORT SERVICES (hereinafter “Agreement”) is made and entered into, to be effective this 1st day of July 2018, by and between the CITY OF LAGUNA HILLS, a municipal corporation organized and existing under the laws of the State of California (hereinafter referred to as “City”), and TRAUMA INTERVENTION PROGRAMS, INC., a California corporation (hereinafter referred to as “Consultant”). City and Consultant are sometimes hereinafter individually referred to as “Party” and are hereinafter collectively referred to as the “Parties.”

RECITALS

A. City has determined that there is a need to continue to retain the professional services of a qualified consultant equipped and specially trained in appropriate procedures to provide emotional aid and practical support services to victims of traumatic events and their families in the first few hours following tragedy in the City of Laguna Hills on an as-needed, on-call basis for FY 2018-19 (the “Project”).

B. Consultant has submitted to City a written proposal, dated March 1, 2018 to provide continued trauma victim intervention support services to City for the Project at the same cost pursuant to the terms and conditions of this Agreement.

C. Consultant represents and maintains that it is uniquely qualified by virtue of its experience, training, education, reputation, and expertise to provide these services to City for the Project and has agreed to provide such continued services as provided herein. City does not have the personnel, training, or specialized expertise able to perform the work and services contracted for herein.

D. City desires to continue to retain Consultant to provide such professional services for the Project.

NOW, THEREFORE, in consideration of the promises and mutual obligations, covenants, and conditions contained herein, and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

AGREEMENT

1. SERVICES OF CONSULTANT

1.1 Scope of Services and Standard of Performance. In compliance with all terms and conditions of this Agreement, Consultant agrees to continue to provide and perform on an as-needed, on-call basis trauma victim intervention support services to City for the Project as described and as set forth in Consultant’s Proposal/Scope of Work, dated March 1, 2018, as well

as a one-page Scope of Services/Work Summary Sheet, which are attached hereto collectively as Exhibit "A" and are incorporated herein by reference (hereinafter referred to as the "Scope of Services," the "Services" or "Work"). As a material inducement to the City entering into this Agreement, Consultant acknowledges and understands that the Services and Work contracted for under this Agreement require specialized skills and abilities and that, consistent with this understanding, Consultant's Services and Work shall be performed in a skillful and competent manner and shall be held to a standard of quality and workmanship prevalent in the industry for such Services and Work and with the standards recognized as being employed by professionals in the same discipline in the State of California. Consultant represents and warrants that it is skilled in the professional discipline necessary to perform the Services and Work and that it holds the necessary skills and abilities to satisfy the standard of work as set forth in this Agreement. Consultant represents and warrants that it and all of its employees, subconsultants and subcontractors providing any Work or Services under this Agreement shall have sufficient skill and experience to perform the Work or Services assigned to them. All Services and Work shall be completed to the reasonable satisfaction of the City.

1.2 Contract Documents. The Agreement between the Parties shall consist of the following: (1) this Agreement; and, (2) the Consultant's signed, original March 1, 2018 proposal submitted to the City ("Consultant's Proposal"), as well as a one-page Scope of Services/Work Summary Sheet, which shall all be referred to collectively hereinafter as the "Contract Documents." The Consultant's Proposal, as well as the one-page Scope of Services/Work summary sheet, are each attached hereto as Exhibit "A" and are hereby incorporated by reference and made a part of this Agreement. All provisions of the Contract Documents shall be binding on the Parties. Should any conflict or inconsistency exist in the Contract Documents, the conflict or inconsistency shall be resolved by applying the provisions in the highest priority document, which shall be determined in the following order of priority: (1st) the terms of this Agreement; and, (2nd) the provisions of the Consultant's Proposal.

1.3 Compliance with Law. Consultant shall comply at all times during the term of this Agreement with all applicable federal, state, and local laws, statutes, and ordinances and all lawful orders, rules, and regulations promulgated thereunder, including without limitation all applicable fair labor standards and Cal/OSHA requirements. Consultant shall keep itself fully informed of and in compliance with all local, state, and federal laws, rules, and regulations in any manner affecting the performance of the Work and Services, including all Cal/OSHA requirements, and shall give all notices required by law. Consultant shall be liable for all violations of such laws and regulations in connection with performing the Work and Services. If Consultant performs any Work or Services in violation of such laws, rules, and regulations, Consultant shall be solely responsible for all penalties and costs arising therefrom. Consultant shall defend, indemnify, and hold City, its officials, officers, employees, agents and volunteers, free and harmless from any claim or liability arising out of any failure or alleged failure to comply with such laws, rules, or regulations.

1.4 Licenses, Permits, Fees, and Assessments. Prior to performing any Services or Work hereunder Consultant shall obtain all licenses, permits, qualifications, and approvals of whatever nature that are legally required to practice its profession and perform the Work and Services required by this Agreement. Consultant represents and warrants to City that Consultant

shall, at its sole cost and expense, keep in effect at all times during the term of this Agreement and any extension, any license, permit, qualification, or approval that is legally required for Consultant to perform the Work and Services under this Agreement. Consultant shall have the sole obligation to pay for any fees, assessments, and taxes, plus applicable penalties and interest, which may be imposed by law and arise from or are necessary for the Consultant's performance of the Work and Services required by this Agreement, and shall defend, indemnify, and hold the City, its officials, officers, employees, agents and volunteers, free and harmless from and against any claim or liability arising out of any failure or alleged failure to obtain such license, permits, and approvals of whatever nature that are legally required to perform the Work or Services.

1.5 Familiarity with Work. By executing this Agreement, Consultant represents and warrants that it (a) has thoroughly investigated and considered the Scope of Work or Services to be performed, (b) has carefully considered how the Services should be performed and has carefully examined the location or locations at or with respect to where such Services or Work is to be performed, and (c) fully understands the facilities, difficulties, and restrictions attending performance of the Services under this Agreement.

1.6 Care of Work. Consultant shall adopt reasonable methods during the term of the Agreement to furnish continuous protection to the Work and the equipment, materials, papers, documents, plans, studies, and/or other components thereof to prevent losses or damages, and shall be responsible for all such damages, to persons or property, until acceptance of the Work by the City, except such losses or damages as may be caused by City's own negligence.

1.7 Further Responsibilities of Parties. Both Parties agree to use reasonable care and diligence to perform their respective obligations under this Agreement. Both Parties agree to act in good faith to execute all instruments, prepare all documents, and take all actions as may be reasonably necessary to carry out the purposes of this Agreement.

1.8 Additional Services. City shall have the right at any time during the performance of the Services, without invalidating this Agreement, to order extra work beyond that specified in the Scope of Services (Exhibit "A") or make changes by altering, adding to, or deducting from such Work. No such extra work may be undertaken unless a written order is first given by the City to the Consultant, incorporating therein any adjustment in (i) the Maximum Contract Amount, as defined below, and/or (ii) the time to perform this Agreement, which adjustments are subject to the written approval of the Consultant. It is expressly understood by Consultant that the provisions of this section shall not apply to the Work and Services specifically set forth in the Scope of Services or reasonably contemplated therein, regardless of whether the time or materials required to complete any Work or Service identified in the Scope of Services exceeds any time or material amounts or estimates provided therein.

1.9 Non-Exclusive Agreement. Consultant acknowledges that City may enter into agreements with other contractors, consultants, or vendors for services similar to the services that are the subject of this Agreement. Consultant further acknowledges that City may have its own employees perform services similar to the services that are the subject of this Agreement.

2. COMPENSATION

2.1 Maximum Contract Amount. For the Services and Work rendered pursuant to this Agreement, Consultant shall be compensated by City for the services performed in accordance with the rates and charges set forth in the Schedule of Compensation/Fees, which is attached hereto as Exhibit "A" and is incorporated herein by reference, but not exceeding the total maximum contract amount of Three Thousand Six Hundred Forty-One Dollars and Twenty-Eight Cents and Twenty-Eight Cents (\$3,641.28) (hereinafter referred to as the "Maximum Contract Amount"). The method of compensation shall be as set forth in Exhibit "A". The maximum amount of City's payment obligation under this Agreement is the amount specified in this section.

2.2. Method of Payment. Unless some other method of payment is specified in the Schedule of Compensation/Fees (Exhibit "A"), in any month in which Consultant wishes to receive payment, no later than the tenth (10th) working day of such month, Consultant shall submit to the City, in a form approved by the City's Finance Director, an invoice for services rendered prior to the date of the invoice. Such requests shall be based upon the amount and value of the services performed by Consultant and accompanied by such reporting data including an itemized breakdown of all costs incurred and tasks performed during the period covered by the invoice, as may be required by the City. City shall use reasonable efforts to make payments to Consultant within forty-five (45) days after receipt of the invoice or a soon thereafter as is reasonably practical.

2.3 Changes in Scope. In the event any change or changes in the Scope of Services is requested by the City, the Parties shall execute a written amendment to this Agreement, setting forth with particularity all terms of such amendment, including, but not limited to, any additional professional fees. An amendment may be entered into: (a) to provide for revisions or modifications to documents or other work product or work when documents or other work product or work is required by the enactment or revision of law subsequent to the preparation of any documents, other work product, or work; and/or (b) to provide for additional services not included in this Agreement or not customarily furnished in accordance with generally accepted practice in Consultant's profession.

2.4 Appropriations. This Agreement is subject to and contingent upon funds being appropriated therefore by the Laguna Hills City Council for each fiscal year covered by the Agreement. If such appropriations are not made, this Agreement shall automatically terminate without penalty to the City.

3. SCHEDULE OF PERFORMANCE

3.1 Time of Essence. Time is of the essence in the performance of this Agreement. The time for completion of the services to be performed by Consultant is an essential condition of this Agreement. Consultant shall prosecute regularly and diligently the Work of this Agreement according to the agreed upon Schedule of Performance.

3.2 Schedule of Performance. Consultant shall commence the Services pursuant to this Agreement upon receipt of a written notice to proceed and shall perform all Services within

the time period(s) established in the Schedule of Performance, which is attached hereto as Exhibit "A" and is incorporated herein by reference. When requested by Consultant, extensions to the time period(s) specified in the Schedule of Performance may be approved in writing by the Contract Officer; however, the City shall not be obligated to grant such an extension.

3.3 Force Majeure. The time period(s) specified in the Schedule of Performance for performance of the Services rendered pursuant to this Agreement shall be extended because of any delays due to unforeseeable causes beyond the control and without the fault or negligence of the Consultant (financial inability excepted), including, but not limited to, acts of God or of the public enemy, unusually severe weather, fires, earthquakes, floods, epidemics, quarantine restrictions, riots, strikes, freight embargoes, wars, and/or acts of any governmental agency, including the City, if Consultant, within ten (10) days of the commencement of such delay, notifies the City Manager in writing of the causes of the delay. The City Manager shall ascertain the facts and the extent of delay, and extend the time for performing the Services for the period of the enforced delay when and if in the judgment of the City Manager such delay is justified. The City Manager's determination shall be final and conclusive upon the Parties to this Agreement. In no event shall Consultant be entitled to recover damages against the City for any delay in the performance of this Agreement, however caused, Consultant's sole remedy being extension of the Agreement pursuant to this section.

3.4 Term. Unless earlier terminated as provided elsewhere in this Agreement, this Agreement shall continue in full force and effect for a period of twelve (12) months, commencing on July 1, 2018 and ending on June 30, 2019, unless extended by mutual written agreement of the Parties.

4. COORDINATION OF WORK

4.1 Representative of Consultant. The following principal of Consultant is hereby designated as being the principal and representative of Consultant authorized to act in its behalf with respect to the Services to be performed under this Agreement and make all decisions in connection therewith: **Wayne Fortin, Founder & CEO.** It is expressly understood that the experience, knowledge, education, capability, expertise, and reputation of the foregoing principal is a substantial inducement for City to enter into this Agreement. Therefore, the foregoing principal shall be responsible during the term of this Agreement for directing all activities of Consultant and devoting sufficient time to personally supervise the Work or Services performed hereunder. The foregoing principal may not be changed by Consultant without prior written approval of the Contract Officer.

4.2 Contract Officer. The Contract Officer shall be such person as may be designated by the City Manager of City, and is subject to change by the City Manager. It shall be the Consultant's responsibility to ensure that the Contract Officer is kept fully informed of the progress of the performance of the Services, and the Consultant shall refer any decisions which must be made by City to the Contract Officer. Unless otherwise specified herein, any approval of City required hereunder shall mean the approval of the Contract Officer. The Contract Officer shall have authority to sign all documents on behalf of the City required hereunder to carry out the terms of this Agreement.

4.3 Prohibition Against Subcontracting or Assignments. The experience, knowledge, capability, expertise, and reputation of Consultant, its principals and employees, were a substantial inducement for City to enter into this Agreement. Therefore, Consultant shall not assign the performance of this Agreement, nor any part thereof, nor any monies due hereunder, voluntarily or by operation of law, without the prior written consent of City. Consultant shall not contract with any other entity to perform the Services required without prior written consent of City. If Consultant is permitted to subcontract any part of this Agreement by City, Consultant shall be responsible to City for the acts and omissions of its subcontractor(s) in the same manner as it is for persons directly employed. Nothing contained in this Agreement shall create any contractual relationships between any subcontractor and City. All persons engaged in the Work will be considered employees of Consultant. City will deal directly with and will make all payments to Consultant.

4.4 Independent Contractor.

A. The legal relationship between the Parties is that of an independent contractor, and nothing herein shall be deemed to make Consultant a City employee. During the performance of this Agreement, Consultant and its officers, employees, and agents shall act in an independent capacity and shall not act as City officers or employees. Consultant will determine the means, methods and details of performing the Services subject to the requirements of this Agreement. The personnel performing the Services under this Agreement on behalf of Consultant shall at all times be under Consultant's exclusive direction and control. Neither City nor any of its officials, officers, employees, agents or volunteers shall have control over the conduct of Consultant or any of its officers, employees, or agents, except as set forth in this Agreement. Consultant, its officers, employees or agents, shall not maintain a permanent office or fixed business location at City's offices. City shall have no voice in the selection, discharge, supervision, or control of Consultant's officers, employees, representatives or agents or in fixing their number, compensation, or hours of service. Consultant shall pay all wages, salaries, and other amounts due its employees in connection with the performance of Services under this Agreement and shall be responsible for all reports and obligations respecting them, including but not limited to social security income tax withholding, unemployment compensation, workers' compensation, and other similar matters. City shall not in any way or for any purpose be deemed to be a partner of Consultant in its business or otherwise a joint venturer or a member of any joint enterprise with Consultant.

B. Consultant shall not incur or have the power to incur any debt, obligation, or liability against City, or bind City in any manner.

C. No City benefits shall be available to Consultant, its officers, employees, or agents, in connection with the performance of any Work or Services under this Agreement. Except for professional fees paid to Consultant as provided for in this Agreement, City shall not pay salaries, wages, or other compensation to Consultant for the performance of any Work or Services under this Agreement. City shall not be liable for compensation or indemnification to Consultant, its officers, employees, or agents, for injury or sickness arising out of performing any Work or Services hereunder. If for any reason any court or governmental agency determines that

the City has financial obligations, other than pursuant to Section 2 and Subsection 1.8 herein, of any nature relating to salary, taxes, or benefits of Consultant's officers, employees, representatives, agents, or subconsultants or subcontractors, Consultant shall defend, indemnify, and hold harmless City from and against all such financial obligations.

4.5 PERS Eligibility Indemnification.

A. In the event that Consultant or any employee, agent, or subcontractor of Consultant providing any Work or Services under this Agreement claims or is determined by a court of competent jurisdiction or the California Public Employee Retirement System (PERS) to be eligible for enrollment in PERS as an employee of the City, Consultant shall indemnify, defend, and hold harmless City for the payment of any employee and/or employer contributions for PERS benefits on behalf of Consultant or its employees, agents or subcontractors, as well as for the payment of any penalties and interest on such contributions, which would otherwise be the responsibility of the City.

B. Notwithstanding any other agency, state or federal policy, rule, regulation, law or ordinance to the contrary, Consultant and any of its employees, agents, and subcontractors providing any Work or Services under this Agreement shall not qualify for or become entitled to, and hereby agree to waive any claims to, any compensation, benefit, or any incident of employment by City, including but not limited to eligibility to enroll in PERS as an employee of City and entitlement to any contribution to be paid by City for employer contribution and/or employee contributions for PERS benefits.

5. INSURANCE

5.1 Compliance with Insurance Requirements. Consultant shall obtain, maintain, and keep in full force and effect during the term of this Agreement, at its sole cost and expense, and in a form and content satisfactory to City, all insurance required under this section. Consultant shall not commence any Work or Services under this Agreement unless and until it has provided evidence satisfactory to City that it has secured all insurance required under this section. If Consultant's existing insurance policies do not meet the insurance requirements set forth herein, Consultant agrees to amend, supplement or endorse the policies to do so.

5.2 Types of Insurance Required. As a condition precedent to the effectiveness of this Agreement, and without limiting the indemnity provisions set forth in this Agreement, Consultant shall obtain and maintain in full force and effect during the term of this Agreement, including any extension thereof, the following policies of insurance:

A. **Commercial General Liability Insurance.** Consultant shall obtain and maintain, in full force and effect throughout the term of this Agreement, a policy of Commercial General Liability Insurance written on an occurrence basis with limits of at least one million dollars (\$1,000,000.00) per occurrence, two million dollars (\$2,000,000.00) in the general aggregate, and one million dollars (\$1,000,000.00) for products and completed operations. 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 the Agreement.

B. **Automobile Liability Insurance.** Consultant shall obtain and maintain, in full force and effect throughout the term of this Agreement, a policy of Automobile Liability Insurance written on a per occurrence basis with limits of at least one million dollars (\$1,000,000.00) 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 Insurance.** Consultant shall obtain and maintain, in full force and effect throughout the term of this Agreement, 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. Consultant agrees to waive and obtain endorsements from its workers' compensation insurer waiving all subrogation rights under its workers' compensation insurance policy against the City, its officials, officers, employees, agents and volunteers, and to require each of its subconsultants and subcontractors, if any, to do likewise under their workers' compensation insurance policies. Consultant shall obtain and maintain, in full force and effect throughout the term of this Agreement, a policy of Employer's Liability Insurance written on a per occurrence basis with limits of at least one million dollars (\$1,000,000.00) per accident for bodily injury or disease.

5.3 Acceptability of Insurers. Insurance required by this section 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 Lines Insurers (LASLI), by the latest edition of A.M. Best's Key Rating Guide, except that the City will accept workers' compensation insurance from the State Compensation Fund. In the event the City determines that the Work or Services to be performed under this Agreement creates an increased or decreased risk of loss to the City, the Consultant agrees that the minimum limits of the insurance policies may be changed accordingly upon receipt of written notice from the City. Consultant shall immediately substitute any insurer whose A.M. Best rating drops below the levels specified herein.

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

A. The policy or policies of insurance required by this section for Commercial General Liability and Automobile Liability Insurance shall be endorsed to provide the following:

1. Additional Insured: The City, its officials, officers, employees, agents and volunteers, shall be additional insureds with regard to liability and defense of suits or claims arising out of the performance of the Agreement; and

2. Additional Insured Endorsements: Additional insured endorsements shall not (1) be restricted to “ongoing operations”, (2) exclude “contractual liability”, (3) restrict coverage to “sole” liability of Consultant, or (4) contain any other exclusions contrary to the Agreement; and, the coverage shall contain no special limitations on the scope of protection afforded to additional insureds.

3. Notice: The policy or policies of insurance required by this section for Commercial General Liability and Automobile 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 the City. Notwithstanding the foregoing, if coverage is to be suspended, voided, or cancelled because of Consultant’s failure to pay the insurance premium, the notice provided to City shall be by ten (10) days prior written notice.

B. For all policies of Commercial General Liability Insurance, Consultant shall provide endorsements for ongoing operations and completed operations to effectuate this requirement.

5.5 Deductibles and Self-Insured Retentions. Any deductible or self-insured retention must be approved in writing by the City in advance and shall protect the City, its officials, officers, employees, agents and volunteers, in the same manner and to the same extent as they would have been protected had the policy or policies not contained a deductible or self-insured retention.

5.6 Primary and Non-Contributing Insurance. All policies of Commercial General Liability Insurance and Automobile Liability Insurance shall be primary and any other insurance, deductible, or self-insurance maintained by the City, its officials, officers, employees, agents or volunteers, shall not contribute with this primary insurance. Policies shall contain or be endorsed to contain such provisions.

5.7 Waiver of Subrogation. All policies of Commercial General Liability and Automobile Liability Insurance shall contain or be endorsed to waive subrogation against the City, its officials, officers, employees, agents and volunteers, or shall specifically allow Consultant or others providing insurance evidence in compliance with the requirements set forth in this section to waive their right to recovery prior to a loss. Consultant hereby agrees to waive its own right of recovery against the City, its officials, officers, employees, agents and volunteers, and Consultant hereby agrees to require similar written express waivers and insurance clauses from each of its subconsultants or subcontractors.

5.8 Evidence of Coverage. Concurrently with the execution of the Agreement, Consultant shall deliver certificates of insurance together with original endorsements affecting each of the insurance policies required by this section. Required insurance policies shall not be in compliance if they include any limiting provision or endorsement that has not been submitted to the City 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 the City. If such coverage is cancelled or reduced and not replaced immediately so as to avoid a lapse in the required coverage, Consultant shall, within ten (10) days after receipt of written notice of such cancellation or reduction of coverage, file with the City evidence of insurance showing that the required insurance has been reinstated or has been provided through another insurance company or companies. Consultant shall promptly furnish, at City's request, copies of actual policies including all declaration pages, endorsements, exclusions and any other policy documents City requires to verify coverage.

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

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

5.11 Insurance for Subconsultants. Consultant shall either: (1) include all subconsultants or subcontractors engaged in any Work or Services for Consultant relating to this Agreement as additional named insureds under the Consultant's insurance policies; or (2) Consultant shall be responsible for causing its subconsultants or subcontractors to procure and maintain the appropriate insurance in compliance with the terms of the insurance requirements set forth in this section, including adding the City, its officials, officers, employees, agents and volunteers, as additional insureds to their respective policies. All policies of Commercial General Liability Insurance provided by Consultant's subconsultants or subcontractors performing any Work or Services related to this Agreement shall be endorsed to name the City, its officials, officers, employees, agents and volunteers, as additional insureds. Consultant shall not allow any subconsultant or subcontractor to commence any Work or Services relating to this Agreement unless and until it has provided evidence satisfactory to City that the subconsultant or subcontractor has secured all insurance required under this section.

5.12 Other Insurance Requirements. The following terms and conditions shall apply to the insurance policies required of Consultant pursuant to this Agreement:

A. Consultant shall provide immediate written notice to City 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 Consultant and available or applicable to this Agreement 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 Agreement or any other agreement relating to the City 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 section 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 the City 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 commencement of the Project. It is Consultant's obligation to ensure timely compliance with all insurance submittal requirements as provided herein.

E. Consultant agrees to ensure that subconsultants and subcontractors, if any, and any other parties involved with the Project who are brought onto or involved in the Project by Consultant, provide the same minimum insurance coverage required of Consultant. Consultant 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 section. Consultant agrees that upon request, all agreements with subcontractors and others engaged in the Project will be submitted to the City for review.

F. Consultant agrees to provide immediate written notice to City of any claim, demand or loss against Consultant arising out of the Work or Services performed under this Agreement and for any other claim, demand or loss which may reduce the insurance available to pay claims, demands or losses arising out of this Agreement.

6. INDEMNIFICATION

To the fullest extent permitted by law, Consultant shall defend (at Consultant's sole cost and expense with legal counsel reasonably acceptable to City), indemnify, protect, and hold harmless City, its officials, officers, employees, agents and volunteers (collectively the "Indemnified Parties"), from and against any and all liabilities, actions, suits, claims, demands, losses, costs, judgments, arbitration awards, settlements, damages, demands, orders, penalties, and expenses including legal costs and attorney fees (collectively "Claims"), including but not limited to Claims arising from injuries to or death of persons (Consultant's employees included), for damage to property, including property owned by City, or from any violation of any federal, state, or local law or ordinance, which Claims arise out of, pertain to, or are related to Consultant's performance under this Agreement. Under no circumstances shall the insurance requirements and limits set forth in this Agreement be construed to limit Consultant's indemnification obligation or other liability hereunder.

7. REPORTS AND RECORDS

7.1 Accounting Records. Consultant shall keep complete, accurate, and detailed accounts of all time, costs, expenses, and expenditures pertaining in any way to this Agreement.

Consultant shall keep such books and records as shall be necessary to properly perform the Services required by this Agreement and to enable the Contract Officer to evaluate the performance of such Services. The Contract Officer shall have full and free access to such books and records at all reasonable times, including the right to inspect, copy, audit, and make records and transcripts from such records.

7.2 Reports. Consultant shall periodically prepare and submit to the Contract Officer such reports concerning the performance of the Services required by this Agreement as the Contract Officer shall require.

7.3 Ownership of Documents. All drawings, specifications, reports, records, documents, memoranda, correspondence, computations, and other materials prepared by Consultant, its employees, subcontractors, and agents in the performance of this Agreement shall be the property of City and shall be promptly delivered to City upon request of the Contract Officer or upon the termination of this Agreement, and Consultant shall have no claim for further employment or additional compensation as a result of the exercise by City of its full rights of ownership of the documents and materials hereunder.

7.4 Release of Documents. All drawings, specifications, reports, records, documents, and other materials prepared by Consultant in the performance of services under this Agreement shall not be released publicly without the prior written approval of the Contract Officer. All information gained by Consultant in the performance of this Agreement shall be considered confidential and shall not be released by Consultant without City's prior written authorization.

7.5 Audit and Inspection of Records. After receipt of reasonable notice and during the regular business hours of City, Consultant shall provide City, or other agents of City, such access to Consultant's books, records, payroll documents, and facilities as City deems necessary to examine, copy, audit, and inspect all accounting books, records, work data, documents, and activities directly related to Consultant's performance under this Agreement. Consultant shall maintain such books, records, data, and documents in accordance with generally accepted accounting principles and shall clearly identify and make such items readily accessible to such parties during the term of this Agreement and for a period of three (3) years from the date of final payment by City hereunder.

8. ENFORCEMENT OF AGREEMENT

8.1 California Law and Venue. This Agreement shall be construed and interpreted both as to validity and as to performance of the Parties in accordance with the laws of the State of California. Legal actions concerning any dispute, claim, or matter arising out of or in relation to this Agreement shall be instituted in the Superior Court of the County of Orange, State of California, or any other appropriate court in such County, and Consultant covenants and agrees to submit to the personal jurisdiction of such court in the event of such action.

8.2 Interpretation. This Agreement shall be construed as a whole according to its fair language and common meaning to achieve the objectives and purposes of the Parties. The

terms of this Agreement are contractual and the result of negotiation between the Parties. Accordingly, any rule of construction of contracts (including, without limitation, California Civil Code Section 1654) that ambiguities are to be construed against the drafting Party, shall not be employed in the interpretation of this Agreement. The caption headings of the various sections and paragraphs of this Agreement are for convenience and identification purposes only and shall not be deemed to limit, expand, or define the contents of the respective sections or paragraphs.

8.3 Termination. City may terminate this Agreement for any reason, with or without cause, upon giving Consultant thirty (30) days written notice. Upon such notice, City shall pay Consultant for Services performed through the date of termination. Upon receipt of such notice, Consultant shall immediately cease all work under this Agreement, unless the notice provides otherwise. Thereafter, Consultant shall have no further claims against the City under this Agreement. Upon termination of the Agreement pursuant to this section, Consultant shall submit to the City an invoice for work and services performed prior to the date of termination. In addition, Consultant reserves the right to terminate this Agreement at any time upon sixty (60) days written notice to the City, except that where termination is due to material default by the City, the period of notice may be such shorter time as the Consultant may determine.

8.4 Waiver. No waiver of any provision of this Agreement shall be effective unless in writing and signed by a duly authorized representative of the Party against whom enforcement of a waiver is sought. Any waiver by the Parties of any default or breach of any covenant, condition, or term contained in this Agreement, shall not be construed to be a waiver of any subsequent or other default or breach, nor shall failure by the Parties to require exact, full, and complete compliance with any of the covenants, conditions, or terms contained in this Agreement be construed as changing the terms of this Agreement in any manner or preventing the Parties from enforcing the full provisions hereof.

8.5 Rights and Remedies Cumulative. Except with respect to rights and remedies expressly declared to be exclusive in this Agreement, the rights and remedies of the Parties are cumulative and the exercise by either Party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the other Party.

8.6 Legal Action. In addition to any other rights or remedies, either Party may take legal action, in law or in equity, to cure, correct or remedy any default, to recover damages for any default, to compel specific performance of this Agreement, to obtain declaratory or injunctive relief, or to obtain any other remedy consistent with the purposes of this Agreement.

8.7 Attorneys' Fees. In the event any dispute between the Parties with respect to this Agreement results in litigation or any non-judicial proceeding, the prevailing Party shall be entitled, in addition to such other relief as may be granted, to recover from the non-prevailing Party all reasonable costs and expenses, including but not limited to reasonable attorneys' fees, expert consultant fees, court costs and all fees, costs, and expenses incurred in any appeal or in collection of any judgment entered in such proceeding. To the extent authorized by law, in the event of a dismissal by the plaintiff or petitioner of the litigation or non-judicial proceeding within thirty (30) days of the date set for trial or hearing, the other Party shall be deemed to be

the prevailing Party in such litigation or proceeding.

9. CITY OFFICERS AND EMPLOYEES: NON-DISCRIMINATION

9.1 Non-liability of City Officers and Employees. No officer or employee of the City shall be personally liable to the Consultant, or any successor-in-interest, in the event of any default or breach by the City or for any amount which may become due to the Consultant or to its successor, or for breach of any obligation of the terms of this Agreement.

9.2 Conflict of Interest. No officer or employee of the City shall have any financial interest, direct or indirect, in this Agreement nor shall any such officer or employee participate in any decision relating to the Agreement which effects his or her financial interest or the financial interest of any corporation, partnership, or association in which they are, directly or indirectly, interested in violation of any state statute or regulation. Consultant represents and warrants that it has not paid or given and will not pay or give any third party any money or other consideration in exchange for obtaining this Agreement.

9.3 Covenant Against Discrimination. In connection with its performance under this Agreement, Consultant shall not discriminate against any employee or applicant for employment because of race, disability, medical condition, religion, color, sex, sexual orientation, age, marital status, ancestry, or national origin. Consultant shall ensure that applicants are employed, and that employees are treated during their employment, without regard to their race, disability, medical condition, religion, color, sex, sexual orientation, age, marital status, ancestry, or national origin. Such actions shall include, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship.

10. MISCELLANEOUS PROVISIONS

10.1 Notices. All notices or other communications required or permitted hereunder shall be in writing, and shall be personally delivered, sent by registered or certified mail, postage prepaid, return receipt requested, or delivered or sent by facsimile with attached evidence of completed transmission, and shall be deemed received upon the earlier of (i) the date of delivery to the address of the person to receive such notice if delivered personally or by messenger or overnight courier; (ii) five (5) business days after the date of posting by the United States Post Office if by mail; or (iii) when sent if given by facsimile. Notices or other communications shall be addressed as follows:

To City:

City of Laguna Hills
Attention: City Manager
24035 El Toro Road
Laguna Hills, California 92653
Telephone: (949) 707-2600
Facsimile: (949) 707-2633

To Consultant:

Trauma Intervention Programs, Inc.

Attention: Wayne Fortin, Founder & CEO
 24301 Airporter Way
 Laguna Niguel, California 92677
 Telephone: (714) 314-0744

10.2 Entire Agreement. This Agreement constitutes the entire agreement between the Parties and supersedes all prior negotiations, arrangements, agreements, representations, and understandings, if any, made by or among the Parties with respect to the subject matter hereof. No amendments or other modifications of this Agreement shall be binding unless executed in writing by both Parties hereto, or their respective successors, assigns, or grantees.

10.3 Severability. Whenever possible, each provision of this Agreement shall be interpreted in such a manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be determined to be invalid by a final judgment or decree of a court of competent jurisdiction, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of that provision, or the remaining provisions of this Agreement unless the invalid provision is so material that its invalidity deprives either Party of the basic benefit of their bargain or renders this Agreement meaningless.

10.4 Successors in Interest. This Agreement shall be binding upon and inure to the benefit of the Parties' successors and assignees.

10.5 Third Party Beneficiary. Nothing contained in this Agreement is intended to confer, nor shall this Agreement be construed as conferring, any rights, including, without limitation, any rights as a third-party beneficiary or otherwise, upon any entity or person not a party hereto.

10.6 Recitals. The above-referenced Recitals are hereby incorporated into the Agreement as though fully set forth herein and each Party acknowledges and agrees that such Party is bound, for purposes of this Agreement, by the same.

10.7 Corporate Authority. Each of the undersigned represents and warrants that (i) the Party for which he/she is executing this Agreement is duly authorized and existing, (ii) he/she is duly authorized to execute and deliver this Agreement on behalf of the Party for which he/she is signing, (iii) by so executing this Agreement, the Party for which he/she is signing is formally bound to the provisions of this Agreement, and (iv) the entering into this Agreement does not violate any provision of any other Agreement to which the Party for which he/she is signing is bound.

[SIGNATURES ON NEXT PAGE]

Attachment: FY 2018/2019 TIP Agreement (1541 : FY 2018/2019 TIP Agreement)

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

"CITY"
City of Laguna Hills,
 a California municipal corporation

 DONALD J. WHITE,
 City Manager

ATTEST:

(SEAL)

 MELISSA AU-YEUNG,
 Deputy City Manager/City Clerk

APPROVED AS TO FORM:

 GREGORY E. SIMONIAN,
 City Attorney

"CONSULTANT"
Trauma Intervention Programs, Inc.
 a California corporation

By: Wayne Fortin
 WAYNE FORTIN, Founder & CEO

By: Anne Eberwein
 ANNE EBERWEIN,
 Admin Secretary/Assistant Treasurer

Attachment: FY 2018/2019 TIP Agreement (1541 : FY 2018/2019 TIP Agreement)

EXHIBIT “A”

**CONSULTANT’S PROPOSAL,
DESCRIPTION OF SCOPE OF SERVICES/WORK,
AND
MARCH 1, 2108 REQUEST FOR CONTRACT RENEWAL AND FY 2018/19 FEES**

**SCOPE OF SERVICES/WORK SUMMARY SHEET FOR PROJECT
INCLUDING,
SCHEDULE OF PERFORMANCE
AND
SCHEDULE OF COMPENSATION/ FEES**

(Consisting of Two-Pages)

SCOPE OF SERVICES/WORK SUMMARY SHEET

Schedule of Fees

Trauma Intervention Programs, Inc., shall invoice City annually for professional services rendered. Invoices under this agreement shall not exceed the total amount of \$3,641.28 (30,344 x 12 cents).

Schedule of Performance

Trauma Intervention Programs, Inc., hereinafter referred to as "TIP", shall provide a range of emotional and practical support services to Laguna Hills victims of traumatic events and their family members (hereinafter referred to as "clients") including, but not limited to providing on-scene emotional comfort and support to clients; help arrange for shelter, clothing, food, and transportation for clients; assist police officers with death notifications; serve as liaisons between the victims and the emergency personnel; provide information and referrals to appropriate agencies for ongoing support of clients; and serve as temporary protectors for vulnerable victims.

TIP volunteers are to be available 24 hours a day, 365 days a year and assist with:

- Family members and friends following a natural or unexpected death of a loved one
- Victims of crime, including rape, assault, robbery or burglary
- Victims of fire and floods
- Disoriented or lonely older persons
- Persons involved in vehicle accidents
- Person who are distraught and seeking immediate support
- Survivors of suicide
- Employees after workplace tragedies

TIP shall make available to the City sufficient information to enable the City to contact the appropriate TIP volunteer, including 24-hour on-call phone number, address, and names of volunteers, supervisors (when appropriate), as well as alternate or backup telephone numbers.

TIP or TIP's employees and/or volunteer's shall provide all vehicles and equipment necessary for the performance of services in this Agreement and shall be responsible for maintenance of said equipment and vehicles.

TIP shall provide all personnel, volunteers, supplies, and equipment necessary for the efficient and effective operation of the services and programs provided for herein.



**Trauma
Intervention
Programs,
Inc.**

Orange County Chapter
24301 Airport Way
Laguna Niguel, CA 92677
(714) 314-0744
www.tiporangecounty.org

"Citizens helping citizens in crisis"

Date: March 1, 2018

*Melissa
FYI.*

RECEIVED

MAR 01 2018

CITY OF LAGUNA HILLS

To: Donald White, City Manager
City of Laguna Hills
24035 El Toro Road
Laguna Hills, CA 92653

From: Wayne Fortin, Founder
Trauma Intervention Programs of Orange County

RE: 2018 – 2019 Contract with TIP

I know that you are putting together next year's budget, and I hope that you will renew your contract with TIP. The cost to the City of Laguna Hills will be \$3,641.28, the same as last year.

If you have any questions, please contact me at 714-314-0744. Thanks.

Awards

Recipient – Paul H. Chapman Award from the Foundation for Improvement of Justice (2009)
2000 National Crime Victim Service Award
Innovations in State and Local Government Award (1991)

Attachment: FY 2018/2019 TIP Agreement (1541 : FY 2018/2019 TIP Agreement)



City of Laguna Hills

City Council/Planning Agency

Staff Report

DATE: May 8, 2018
TO: Chair and Agency Members
FROM: Cindy Sands
Executive Assistant to City Manager
ISSUE: Approval of Minutes for April 10, 2018, Regular Meeting

RECOMMENDATION: That the Planning Agency approve the Minutes for the April 10, 2018, Regular Meeting.

ATTACHMENTS:

- PA Minutes 041018

3.6 2018 Weed Abatement Program

Recommendation: That the City Council adopt Resolution No. 2018-04-10-2, A Resolution of the City Council of the City of Laguna Hills, California, declaring weeds and rubbish on specified private property to be a public nuisance, commencing public proceedings, and setting a Public Hearing for May 8, 2018.

3.7 2017 General Plan Annual Report

Recommendation: That the City Council receive the report and direct staff to forward the 2017 General Plan Annual Report and Annual Element Progress Report-Housing Implementation to the State of California.

3.8 Communications Site License Agreement Between the City of Laguna Hills, Southern California Edison Company, and Los Angeles SMSA Limited Partnership, dba Verizon Wireless

Recommendation: That the City Council approve the Communications Site License Agreement between the City of Laguna Hills, Southern California Edison Company, and Los Angeles SMSA Limited Partnership, dba Verizon Wireless, and authorize the Mayor and City Manager to execute the Agreement.

3.9 Contract with the County of Orange for Fiscal Year 2018/2019 Community Development Block Grant Funds for Public Facilities and Improvements

Recommendation: That the City Council: (1) Approve the Contract between the County of Orange and the City of Laguna Hills for Fiscal Year 2018/2019 Community Development Block Grant Funds for Public Facilities and Improvements; and (2) Authorize the City Manager to execute the Contract.

ITEMS REMOVED FROM THE CONSENT CALENDAR

There were no items removed from the Consent Calendar.

4. PLANNING AGENCY

Mayor Carruth recessed the City Council meeting and, acting in the capacity of Chair, called the Regular Meeting of the Planning Agency of the City of Laguna Hills, California, to order at 7:44 p.m.

4.1 ROLL CALL OF PLANNING AGENCY MEMBERS

Attendee Name	Title	Status	Arrived
Mel Carruth	Chair	Present	
Dore J. Gilbert, M.D.	Vice Chair	Present	
Janine Heft	Agency Member	Present	
Barbara D. Kogerman	Agency Member	Present	
Don Sedgwick	Agency Member	Present	

4.2 PUBLIC COMMENTS

There were no Public Comments.

4.3 APPROVAL OF MINUTES FOR MARCH 13, 2018, REGULAR MEETING**4.3.1 Approval of Minutes for March 13, 2018, Regular Meeting**

Recommendation: That the Planning Agency approve the Minutes for the March 13, 2018, Regular Meeting.

RESULT:	APPROVED [4 TO 0]
MOVER:	Dore J. Gilbert, M.D., Vice Chair
SECONDER:	Janine Heft, Agency Member
AYES:	Mel Carruth, Chair; Dore J. Gilbert, M.D., Vice Chair; Janine Heft, Agency Member; Barbara D. Kogerman, Agency Member
ABSTAIN:	Don Sedgwick, Agency Member

4.4 ADMINISTRATIVE REPORTS

There were no Administrative Reports.

4.5 PLANNING AGENCY PUBLIC HEARINGS

There were no Planning Agency Public Hearings.

PLANNING AGENCY ADJOURNMENT

Chair Carruth adjourned the Planning Agency and, acting in the capacity of Chair/Mayor, called the Joint Planning Agency/City Council meeting to order at 7:45 p.m.

JOINT PLANNING AGENCY/CITY COUNCIL MEETING



City of Laguna Hills

City Council/Planning Agency

Staff Report

DATE: May 8, 2018
TO: Mayor and Council Members
FROM: Kenneth H. Rosenfield P.E.
Assistant City Manager/Director of Public Services
ISSUE: Public Hearing on 2018 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 Assistant City Manager/Director of Public Services to commence enforcing weed, rubbish, and refuse abatement against specified parcels of land."

SUMMARY:

This is the time and place established for the first Public Hearing associated with 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 Assistant City Manager/Director of Public Services to abate and remove all weeds, rubbish, refuse and/or dirt on specified parcels in the City of Laguna Hills.

BACKGROUND:

On April 10, 2018, the City Council adopted Resolution No. 2018-04-10-2, thereby commencing the Weed Abatement Program for 2018 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

Public Hearing on 2018 Weed, Rubbish and Refuse Abatement

May 8, 2018

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property in the City as identified and described in the 2018 Weed Abatement List, as submitted on April 10, 2018, 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.

Resolution No. 2018-04-10-2 commenced the 2018 Weed Abatement Program by declaring the weeds, rubbish, refuse, and/or dirt on parcels identified in the 2018 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 2018 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 11, 2018, 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 2018 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 11, 2018, mailed notice, affected property owners have been given until May 31, 2018, 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 conducted on May 8, 2018, at 7:00 p.m. or as soon thereafter as possible.

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 Assistant City Manager/Director of Public Services to abate and remove the weeds, rubbish, refuse, and/or dirt on the parcels identified and described on the 2018 Weed Abatement List, and report in writing to the City Council on July 10, 2018, 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 10, 2018. Pursuant to the

Public Hearing on 2018 Weed, Rubbish and Refuse Abatement

May 8, 2018

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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.

FISCAL IMPACT:

The 2017-2018 Fiscal Year Budget for the Annual Weed Abatement Program is \$45,000. Privately owned parcels abated by the City contractor shall each be assessed an administrative fee in addition to the cost to clear the respective parcels. These costs are anticipated to be within the funds available.

ATTACHMENTS:

- Resolution Weed Abatement Public Hearing_May 8 2018_FINAL

RESOLUTION NO.

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

WHEREAS, on April 10, 2018, the City Council adopted Resolution No. 2018-04-10-2, thereby commencing the Weed Abatement Program for 2018 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 2018 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. 2018-04-10-2 commenced the 2018 Weed Abatement Program by declaring the weeds, rubbish, refuse and/or dirt on specified parcels of land identified in the 2018 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 2018 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 11, 2018, 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, 2018, 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 8, 2018; and,

WHEREAS, during the May 8, 2018, 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 2018 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 Assistant City Manager/Director of Public Services 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 2018 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 2018 Weed Abatement List. Such assessments against the respective parcels of land shall constitute a lien.

SECTION 5. The Assistant City Manager/Director of Public Services 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 10, 2018, 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 8th day of May 2018.

MELODY CARRUTH, 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.
_____ adopted by the City Council of the City of Laguna Hills, California,
at a Regular Meeting thereof held on the 8th day of May 2018, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

(SEAL)

MELISSA AU-YEUNG, CITY CLERK