

BOARD REPORT

NO. 17-077 Revised

DATE March 15, 2017

C.D. 10

BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: LAFAYETTE PARK – PROPOSED ARTS AND RECREATION CENTER – LEASE AGREEMENT WITH HOLA COMMUNITY PARTNERS FOR THE CONSTRUCTION AND OPERATION OF AN ARTS AND RECREATION CENTER, FINAL CONSTRUCTION PLANS AND CATEGORICAL EXEMPTION FROM THE CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) PURSUANT TO SECTION 15332 OF THE STATE CEQA GUIDELINES [URBAN IN-FILL]

AP Diaz	_____	V. Israel	_____
<i>for</i> *R. Barajas	<u>CSO</u>	N. Williams	_____
H. Fujita	_____		



 General Manager

Approved _____ Disapproved _____ Withdrawn

RECOMMENDATIONS

1. Approve a proposed Lease Agreement (Lease), herein included as Attachment 1, between the City of Los Angeles and HOLA Community Partners (HOLA-CP) for the construction and operation of a Proposed Arts and Recreation Center at Lafayette Park, subject to the approval of the Mayor, City Council, and City Attorney as to form;
2. Approve a proposed Consent to Leasehold Deed of Trust and Modification of Lease (Lender Consent), herein included as Attachment 2, between the City of Los Angeles, HOLA-CP, and New Markets Community Capital XXI, LLC, a Delaware limited liability company (NMCC), in order to obtain financing secured by HOLA-CP's leasehold interest in the proposed project site under the New Markets Tax Credit (NMTC) program further described in the Summary of this Report, subject to the approval of the Mayor, City Council, and City Attorney as to form;
3. Direct the Board Secretary to transmit the proposed Lease and Lender Consent concurrently to the Mayor in accordance with Executive Directive No. 3 (Villaraigosa Series), and to the City Attorney for review and approval as to form;
4. Authorize the Board President and Secretary to execute the proposed Lease Agreement and Lender Consent, upon receipt of the necessary approvals;

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5. Pursuant to Section 17.1 of the proposed Lease Agreement, request that the City Council consent to HOLA-CP entering into a proposed Sub-Lease Agreement with Heart of Los Angeles Youth, Inc. (HOLA-Youth), herein included as Attachment 3, to effectuate the subletting of the improvements described in Section 11.1 of the proposed Lease Agreement in order to allow HOLA-CP to obtain NMTC financing under Internal Revenue Code Section 45;
6. Approve the final construction plans of the proposed Arts and Recreation Center as described in the Summary of this Report;
7. Upon approval of the construction plans, issue a temporary Right-of-Entry Permit to HOLA-CP and/or HOLA-Youth for the proposed construction area depicted in Exhibit E to allow for the construction of the proposed Arts and Recreation Center Project (Project);
8. Adopt the California Environmental Quality Act (CEQA) exemption determination previously made by the Department of City Planning for the Project, and independently find that the Project is categorically exempt from the provisions of CEQA pursuant to Section 15332 of the State CEQA Guidelines; and
9. Adopt the Notice of Exemption (NOE) to be prepared and filed by the Department of City Planning as the CEQA documentation for the Project.

SUMMARY

Lafayette Park is a 9.72-acre park located at 625 South Lafayette Park Place, Los Angeles (see Exhibit A). The facility contains a multi-purpose building with an auditorium and various community rooms, basketball courts, a children's play area, picnic tables, a lighted soccer field and several lighted tennis courts. It offers aerobics, day care, preschool and after school programs, and summer camps, among other things. The park serves approximately 32,020 people within a ½ mile walking radius.

Background

In 2007, HOLA-Youth contributed over Seven Hundred Thousand Dollars (\$700,000) for the completion of the Lafayette Park (Park) Multi-purpose Building and the enhancement of youth recreational programs at the Park. Since the completion of the multi-purpose building, HOLA-Youth, in partnership with the Department of Recreation and Parks (RAP), has provided various athletic, art, enrichment and camp programs to over 2,000 families. Some of the activities that HOLA-Youth has provided include basketball and soccer leagues and clinics; summer camps; homework clubs, limited enrichment classes, karate and beginning ballet classes, and a quarterly Science, Technology, Engineering, and Mathematics (STEM) class. These activities are offered year round. Additionally, through a coordinated effort with RAP staff, monthly meetings are held with neighborhood stakeholders, Law Enforcement, Park Rangers, and Council staff that coordinate safety measures and services with the intent to keep the Park active with supervised activities that include neighborhood safety plans and drills.

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Due to the success of the programs provided and the fact that the neighborhood where the Park is located is composed of largely low income families, the RAP/HOLA-Youth programs fill up quickly with most filling up on the same day enrollment begins. There are on average waiting lists of up to 300 families and as many as 500 children waiting to access the programs, most especially, for after school activities when most juvenile crime occurs.

In order to meet the demand, HOLA-Youth submitted a proposal in early 2015 to expand the HOLA-Youth program through the construction of a new arts and recreation center on a portion of the park. The proposed building would be modular, built from single use shipping containers that have been converted by a local manufacturer to custom designed club rooms, activity rooms, walkways, offices, common areas, and bathrooms. On August 12, 2015, the Board of Recreation and Park Commissioners (Board), after consideration by the Board's Facility Repair and Maintenance Task Force, approved the conceptual plan to expand the HOLA-Youth program at the Park (Report No. 15-189).

Prior to the Board's approval of the conceptual plan, HOLA-Youth attended two MacArthur Neighborhood Council Meetings to present the proposed Project. These meetings occurred on June 15, 2015 and July 20, 2015. Additionally, HOLA-Youth presented the Project to the Rampart Neighborhood Village Council on July 21, 2015, which granted its unanimous approval at a second meeting held on October 25, 2015. It should be noted that letters of support for the Project were received from Council President Herb Wesson, Jr. and LAPD Chief Charlie Beck.

Proposed Arts and Recreation Center Project

The Project is to measure approximately 24,860 square feet and have a height of no more than 41 feet, 6 inches at its highest point. The new building will be a modular, sustainable design, built from single-use shipping containers that have been recycled and converted into custom-designed club rooms, activity rooms, walkways, offices, common areas, and bathrooms. It will be visually compatible with the existing multi-purpose building/recreation center, with exterior facades softened by student art, rooftop green spaces and patios, and various landscaping elements. The building's proposed floor plan is made up of three levels, which will include music and enrichment program rooms, practice rooms, and two smaller ensemble rooms. The building is designed to fit in with the natural slope of the Park, as such, only two stories are visible from La Fayette Park Place. However, the heart of the building will be its large ensemble room and performance space, a west-facing two-story room that will open out onto the Park for public performances of music, theater, and other community events (see Exhibit B).

The Project would increase HOLA-Youth's capacity to provide services and allow HOLA-Youth to serve over 4,000 members of the community annually by 2020. This building will house programming that will complement the other programs that HOLA-Youth and RAP conduct in the Park. Further, HOLA-Youth will move its entire music program into the building. The music program consists of youth leadership classes, big bands and rock bands, and orchestral instruction for youth aged six to eighteen (6-18) years, including HOLA-Youth's much-lauded program with LA Philharmonic Orchestra.

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Existing Site Conditions

As indicated on Exhibit A and B, the Project is to be constructed on an approximately 23,544 square feet portion of the north side of the Park just south of 6th Street. This area currently contains picnic tables and a number of trees as can be seen in the pictures shown on Exhibit C. It is expected that we will lose approximately eighteen (18) palm trees and five (5) canopy trees (2 Jacaranda, 1 Large Chorisia, 1 Ash, and 1 Tipuana) as shown on Exhibit D-1. These trees are found in and around the picnic area that will require approximately ten (10) picnic tables to be relocated. A new picnic area will be placed near and under a large mature ficus tree near the soccer field. The picnic area that remains will receive twenty-eight (28) new trees that will replace the shade canopy lost by construction of the building as shown on Exhibit D-2. Although, the Park will be losing open space in this portion of the Park, it's staff recommendation that the public benefit of being able to reach out and provide services to twice as many members of the community and the requisite increase in the activity within the Park outweigh the loss of open space.

In addition, the department supported the location of this new facility inside the park mainly due to the types of programs being offered and the added activation to the park. The new facility will double the number of families with children in the park and as a result of this significant activation, we believe will add to the safety and opportunities of more families coming to the park.

Tree Replacement

As indicated above, it is expected that we will lose approximately twenty-three (23) trees. A tree canopy analysis was completed and recommended the following replacement plan:

No. & Type of Trees Removed	No. of Trees Recommended	Proposed Tree Box Size for Canopy Replacement
2 Large Jacarandas	4	72" Box Trees
1 Large Chorisia	2	72" Box Trees
1 Ash	2	60" Box Trees
1 Tipuana	1	36" Box Trees
0	6	48" Box Trees
	9	36" Box Trees
	4	24" Box Trees
Total Replacement Trees	28	

This plan provides a 2:1 replacement of mature canopy trees with mature trees available in nurseries. Three (3) mature canopy trees (2 Jacaranda and 1 Chorisia) will be replaced with six (6) 72" box canopy shade trees. Final specie types will be determined, in consultation the RAP's staff and input from the "Tree Cabinet". But considerations will include nursery availability to provide moderate to fast growing canopy trees that are available in large, healthy condition at nurseries at the time of procurement. Possible species include Tipuana Tipu,

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Podocarpus or other species resistant to known pests and diseases.

Funding Sources

HOLA-Youth has proposed an approximately \$12 million Dollars (\$12,000,000.00) budget, of which about \$6 million Dollars (\$6,000,000.00) will be spent on the Project. This amount is inclusive of contingencies and subject to reductions if cost savings are identified through value engineering, in-kind donations, or other means. Funds for the Project come from the following sources: (1) Capital Campaign Donations received from individual and institutional donors in the amount of Two Million, Nine Hundred Thousand Dollars (\$2,900,000.00); (2) Bridge Loan funds from U.S. Bank in the amount of about Three Million, Six Hundred Thousand Dollars (\$3,600,000.00) to Four Million, Six Hundred Thousand Dollars (\$4,600,000.00); (3) City of Los Angeles Proposition K grant funds in the amount of about One Million, Three Hundred Sixty Thousand Dollars (\$1,360,000.00); (4) financing through the New Markets Tax Credit (NMTC) program in the amount of approximately Three Million, Six Hundred Thousand Dollars (\$3,600,000.00) to Three Million, Nine Hundred Thousand Dollars (\$3,900,000.00), subject to pending finalization of the lender's financial model and minor adjustments being made to the overall Project budget.

The Bridge Loan described in Item (2) is a short-term loan to provide up-front funds in the amount of pledges from donors that have not yet been funded, including payments over time. As donor funds are received, they will be used to reduce the balance of the bridge loan until fully repaid.

The NMTC program referenced in Item (4) is administered by the United States Treasury Department, through its Community Development Financial Institutions (CDFI) Fund that offers funding resources to economically disadvantaged communities. Under the NMTC program, HOLA-Youth can use a combination of funds already raised and NMTC investor equity to raise approximately twenty percent to twenty-five percent (20%-25%) more capital for the Project. US Bank Community Development Corporation (USBCDC), a national NMTC investor, and New Markets Community Capital (NMCC), a certified community development entity, will provide NMTC financing for the Project. NMCC will make a long-term, low interest rate loan to a newly formed affiliate of HOLA-Youth, HOLA Community Partners (HOLA-CP), a special purpose entity that will meet the requirements for a qualified borrower under the NMTC program.

HOLA-CP will enter into a Lease and develop the Project. When the Project is complete, HOLA-CP will sublease the building to HOLA-Youth, who has the operational and programmatic capacity to fulfill all of the non-monetary obligations under the Lease.

Various Agreements

Lease

As described above, a portion of the funding for the development of the Project will come from NMTC. And as required, HOLA-Youth has formed an affiliate called HOLA-CP which is a special purpose entity that meets the requirements for a qualified borrower under the NMTC program. HOLA-CP will be the lessee of the Lease. This leasehold interest will be used to

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secure the funding being applied for.

The Lease includes the following terms and conditions:

1. Premises area measures approximately 23,554 square feet as depicted in Exhibit E.
2. Lessee shall construct a new three-story Arts and Recreation Center that measures approximately 24,860 square feet with a height of no more than 41 feet, 6 inches at its highest point.
3. Term shall be fifty (50) years from the effective date of the Lease.
4. Lessee agrees to secure necessary funding for the construction of the Project within twelve (12) months following the execution date of the Lease. Failure to secure the necessary funding shall be grounds for automatic termination of the Lease unless extended in writing by the City.
5. Rent shall be the consideration of all costs for the construction, operation, and maintenance of the Project.
6. Lessee shall comply with all legal requirements applicable to the property for use, operation or occupation of the Project. Lessee shall maintain the Project at its sole cost and expense.

Sub-Lease

All operational and maintenance responsibilities will be performed by HOLA-Youth. These responsibilities will be passed to HOLA-Youth through the Sub-Lease. The Sub-Lease essentially contains the same terms and conditions that are in the Lease.

Consent to Leasehold Deed of Trust and Modification of Lease:

As already discussed, a portion of the Project funding will come from NMTC and in order to qualify for said funding, the leasehold interest on the Project site will be used to secure the financing being sought. The Consent to Leasehold Deed of Trust and Modification of Lease is intended as an acknowledgement from RAP that it consents to use of the leasehold interest for financing purposes and that in the event HOLA-CP can no longer fulfill the requirements of the Lease, NMCC will be allowed to take HOLA-CP's place or find a qualified replacement entity.

ENVIRONMENTAL IMPACT STATEMENT

The subject Project involves a Lease Agreement to allow the construction of a new arts and recreation center at Lafayette Park. The Department of City Planning (DCP) has determined that the Project is consistent with the General Plan policies as urban in-fill; will be located on a

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site that is less than five acres with no value for habitat for endangered, rare or threatened species; will not result in any significant environmental effects related to traffic noise, air quality, or water quality; and, is adequately served by required utilities and public services. Therefore, the Director of Planning has determined that the Project is categorically exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15332 of the State CEQA Guidelines. RAP staff recommends that the Board adopt the CEQA exemption determination by DCP, and independently determine that the Board's approval is consistent with this CEQA determination. A Notice of Exemption (NOE) will be filed with the Los Angeles County Clerk on or shortly after the Board's approval when the Director of Planning has issued the final Decision Letter. Upon the filing of the NOE, no additional CEQA documentation will be required.

FISCAL IMPACT STATEMENT

There is no impact to RAP's General Fund. All costs associated with the design, construction, and maintenance of the Project will be the responsibility of HOLA-CP and/or HOLA-Youth.

This Report was prepared by Cid Macaraeg, Sr. Management Analyst II in Real Estate and Asset Management, Planning, Maintenance, and Construction Branch.

LIST OF ATTACHMENTS/EXHIBITS

- 1) Proposed Lease Agreement
- 2) Proposed Lender Consent
- 3) Proposed Sub-Lease Agreement
- 4) Exhibit A: Lafayette Park – Existing Site Conditions Aerial Photo
- 5) Exhibit B: Site Rendering in Park Context
- 6) Exhibit C: Existing Site at Various Angles
- 7) Exhibit D-1: Existing Tree Diagram
- 8) Exhibit D-2: Proposed Tree Diagram
- 9) Exhibit E: Lease Line Exhibit

LEASE AGREEMENT
BY AND BETWEEN
THE CITY OF LOS ANGELES
AND
HOLA COMMUNITY PARTNERS,
FOR THE CONSTRUCTION AND OPERATION OF
AN ARTS AND RECREATION CENTER IN LAFAYETTE PARK

ARTICLE 1
BASIC LEASE PROVISIONS

1.1 **Parties.** This LEASE AGREEMENT (“Lease”) is entered into as of March ___, 2017, by and between the CITY OF LOS ANGELES, a municipal corporation, acting by and through its Board of Recreation and Parks Commissioners, as Landlord (“CITY”), and HOLA COMMUNITY PARTNERS, a California public benefit corporation (“HOLA”), with a principal mailing address at 2701 Wilshire Boulevard, Suite 100, Los Angeles, California 90057, as Tenant.

1.2 **Recitals.**

1.2.1 The City of Los Angeles owns and controls certain lands, known as Lafayette Park, under the management and control of the Board of Recreation and Parks Commissioners (“BOARD”);

1.2.2 HOLA is a non-profit public benefit corporation formed for the purpose of providing underprivileged youth with free, exceptional programs in academics, arts and athletics. HOLA performs the charitable functions of and carries out the charitable purposes of Heart Of Los Angeles Youth, Inc., a California nonprofit public benefit corporation (“HEART OF LA”). HOLA is a supporting organization controlled by HEART OF LA, as specified in Section 509(a)(3) of the Internal Revenue Code (the “Code”);

1.2.3 HOLA has special abilities in the areas of fundraising, enrichment, recreation programs, and community outreach for at-risk youth, and desires to construct, operate, and maintain an arts and recreation center that emphasizes community enrichment, recreation programs and activities for the inner-city youth of Los Angeles (the “Center”); and

1.2.4 CITY and HOLA desire to enter into this Lease for the use of certain land within Lafayette Park (as shown in **Exhibit A** of this Lease), which Lease shall set forth

the duties, obligations, responsibilities, aims, and goals of the parties, for the specific purpose of constructing, operating, and maintaining the Center.

1.3 Definitions in Lease. When used in this Lease, or any Exhibits to this Lease, except where a different definition is clearly and expressly given, the following words or phrases, capitalized as shown, shall mean:

1.3.1 City. The defined term "CITY" shall mean the City of Los Angeles, as Landlord pursuant to this Lease. Except where clearly and expressly provided otherwise in this Lease, any action to be taken by CITY may be taken for CITY by the General Manager as defined in Paragraph 1.3.4. Except where clearly and expressly provided otherwise in this Lease, the capacity of the City of Los Angeles in this Lease shall be as Landlord, and any benefits, obligations, or restrictions conferred or imposed by this Lease on CITY shall be limited to that capacity and shall not relate to or otherwise affect any activity of the City of Los Angeles in its governmental capacity, including, but not limited to, enacting laws, inspecting structures, reviewing and issuing permits, and all other legislative, administrative, or enforcement functions of the City of Los Angeles pursuant to federal, state, or local law.

1.3.2 Department. The defined term "DEPARTMENT" shall mean the Department of Recreation and Parks of the City of Los Angeles.

1.3.3 Effective Date. The defined term "Effective Date" shall mean the date that the Office of the City Clerk of Los Angeles attests this Lease.

1.3.4 General Manager. The defined term "General Manager" shall mean the General Manager of the Department of Recreation and Parks of the City of Los Angeles, or such successor position as the City Council of the City of Los Angeles may designate. The defined term "General Manager" shall also include any person designated by the General Manager to act on behalf of the General Manager.

1.3.5 HEART OF LA. The defined term "HEART OF LA" shall mean Heart Of Los Angeles Youth, Inc., a California nonprofit public benefit corporation

1.3.6 HOLA. The defined term "HOLA" shall mean HOLA Community Partners, a California nonprofit public benefit corporation.

1.3.7 Premises. The defined term "Premises" shall mean the Center site and the delineated leasehold pad surrounding the Center site in Lafayette Park, located in City Council District 10 on the corner of West Sixth Street and South Lafayette Park Place, Los Angeles, California. The Center site is located in the northeast corner of the park, and shall occupy approximately 24,860 square feet, together with surrounding lawn and landscape area as shown on Exhibit A.

ARTICLE 2 TERM

2.1 **Term.** The term of this Lease shall be for fifty (50) years, beginning on the Effective Date of this Lease and expiring at midnight of the day immediately prior to the fiftieth (50th) anniversary of the Effective Date (“Term”), unless previously terminated in accordance with other provisions of this Lease.

2.2 **Early Termination by HOLA.** In the event that at any time HOLA is no longer able to carry out the purposes of this Lease as set forth in this Lease because of (i) corporate incapacity, (ii) lack of funds, or (iii) changed conditions in general, then HOLA shall have the right to terminate this Lease upon one (1) year’s prior written notice to CITY. In the event of the early termination of this Lease, the provisions of Section 16.1 of this Lease shall pertain regarding termination.

2.3 **Termination – Non-conforming Use.** Should the Premises cease to be used for the purpose of an Arts and Recreation Center, or should HOLA cease to operate or exist or maintain its nonprofit corporate status (temporary suspension of status for a period not exceeding one hundred eighty (180) days shall not be considered a failure to maintain status), or should the operations conducted not be in accordance with the statutes of the United States, State of California, the County of Los Angeles, or the City of Los Angeles, or should the Premises, at the reasonable discretion of the City Council, not be used for purposes of this Lease as set forth in Article 5, then CITY may terminate this Lease pursuant to Paragraph 15.2.1. HOLA’s right to cure pursuant to Paragraph 15.2.1 shall be applicable to this Section 2.3. Should said termination be ordered, HOLA will peaceably surrender the Premises and will comply with all of the requirements of this Lease with regard to termination.

2.4 **Termination – Commencement of Operations.** If HOLA does not commence the on-going operation of the Center to members of the general public pursuant to the terms of use in Article 5 of this Lease (the “Opening Date”) within sixty (60) months after the Effective Date, subject to any extension for Force Majeure, CITY may terminate this Lease at any time on or after the end of the sixtieth (60th) month following the Effective Date upon sixty (60) days prior written notice to HOLA (which notice may be given only after the end of such sixtieth (60th) month), and provided that if HOLA thereafter has commenced good faith operation of the Center prior to the effective date of such notice, then such right to terminate shall expire and this Lease shall remain in full force and effect. Upon a showing of good cause, HOLA may request in writing that the deadline for the Opening Date be extended by CITY, which request may be granted or withheld in City’s sole but good faith discretion.

2.5 **Termination – Commencement of Center Construction.** If HOLA fails to commence construction (the “Construction Commencement Date”) within thirty-six (36) months after the Effective Date, subject to any extension for Force Majeure, CITY may terminate this Lease at any time on or after the thirty-sixth (36th) month following the Effective Date upon sixty (60) days prior written notice to HOLA (which notice may be given only after the end of such thirty-sixth (36th) month), and provided that if HOLA thereafter has commenced good faith construction of the Center prior to the effective date of such notice and diligently pursues such construction thereafter, then such right to terminate shall expire and this Lease shall remain in

full force and effect. Construction shall be deemed to commence on the date HOLA starts physical work on the Premises pursuant to a valid Building Permit from the City of Los Angeles. Upon a showing of good cause, HOLA may request in writing that the deadline for the Construction Commencement Date be extended by CITY, which request may be granted or withheld in City's sole but good faith discretion.

2.6 Termination – Failure to Obtain Funding. HOLA shall be responsible for raising Six Million Dollars (\$6,000,000.00) in funds for the development of the Center at the Premises (the "Fundraising Milestone Date") within one (1) year after the Effective Date, subject to any extension for Force Majeure. If HOLA fails to provide the General Manager with satisfactory proof that the \$6,000,000.00 is in a lender-secured bank account or the subject of an executed pledge agreement or the subject of a governmental appropriation for the Center at the Premises, by such date, this Lease will automatically terminate, unless extended in writing by the CITY not less than fifteen (15) days prior to one (1) year after the Effective Date, and HOLA will peacefully surrender the Premises and will comply with all of the requirements of this Lease with regard to termination. The sufficiency of the proof submitted will be at the sole discretion of the General Manager subject to appeal to the BOARD whose decision shall be final. Upon a showing of good cause, HOLA may request in writing that the deadline for the Fundraising Milestone Date be extended by CITY, which request may be granted or withheld in City's sole but good faith discretion.

2.7 Holdover. If HOLA, with CITY's written consent, remains in possession of the Premises after the expiration or termination of this Lease, such possession by HOLA shall be deemed to be a month-to-month tenancy terminable on thirty (30) days' prior written notice given at any time by either party. All provisions of this Lease except those pertaining to Term (Section 2.1) and rent owed shall apply to the month-to-month tenancy. If HOLA holds over without CITY's written consent, or after the date in any notice given by CITY to HOLA terminating this Lease, HOLA shall be deemed to be a tenant at sufferance and HOLA shall owe to the City then-current fair-market rent as determined by City in its good faith and reasonable discretion.

2.8 Re-Leasing to HOLA. In the event that HOLA is not then in default under this Lease, commencing two (2) years prior to the scheduled expiration of the Term of this Lease, CITY agrees to consider re-leasing to HOLA the Premises upon provisions and conditions mutually acceptable to CITY and HOLA. The foregoing agreement, however, shall not be construed so as to obligate CITY to enter into such an agreement or any agreement not permitted by law or to impose any obligations on the Premises or either party if such obligations would violate the Rule against Perpetuities, sections 715 through 719 of the Civil Code, the City Charter, or any other applicable state or municipal statute, ordinance or regulation (as they may be revised from time to time).

ARTICLE 3 CONSIDERATION AND FINANCING

3.1 Consideration. The consideration for this Lease shall be the operation of an Arts and Recreation Center as set forth in Article 5 of this Lease at the Premises, together with the attendant benefits to the youth of the City of Los Angeles and their families, plus the annual

payment during the Term of this Lease of One Dollar (\$1.00) by HOLA. As of the Effective Date, HOLA has pre-paid to the City the sum of Fifty Dollars (\$50.00), representing full payment of the monetary consideration set forth in the preceding sentence, which sum shall be non-refundable to HOLA in the event that this Lease is terminated for any reason in accordance with its terms.

3.2 **Funding.** HOLA shall be required to fund the development, construction and operation of an Arts and Recreation Center for the uses set forth in Article 5 of this Lease at the Premises.

ARTICLE 4 PREMISES

4.1 **Premises.** HOLA leases from CITY the land in the City of Los Angeles, County of Los Angeles, State of California, described in Exhibit A attached hereto and incorporated herein by this reference (the "Premises"). The Premises are subject to all existing easements and any other restrictions of record. The Premises are also subject to future easements or rights-of-way for utilities and uses in accordance with Charter section 594(c)(1).

4.2 **Acceptance of Premises.** HOLA accepts the Premises on an "as is" basis as of the Effective Date of this Lease, with no obligation of CITY to modify or alter the Premises.

4.3 **Reservation of Mineral Rights and Air Rights.** CITY hereby reserves all right, title, and interest in any and all gas, oil, minerals, and water beneath the Premises, below a plane five hundred (500) feet below the surface of the Premises, but without the right to use the surface of the Premises, or any area above a plane five hundred (500) feet below the surface of the Premises, for the extraction of such gas, oil, minerals, and water. CITY also reserves all right, title, and interest in any and all air rights above the Premises; provided, however, that any use of air rights by CITY shall not interfere with the public's and HOLA's ingress and egress to or HOLA's operation of the Center on the Premises.

ARTICLE 5 USE OF PREMISES FOR CENTER

5.1 **Use of Premises.** The Premises shall be used in any way that is consistent with HOLA's mission of providing enrichment and recreational activities for youth and their families, including for the purpose of an Arts and Recreation Center on a non-profit basis and for operations and functions related to or incidental to such Center, including storage and office space for use by HOLA's onsite staff members. No offices for CITY or DEPARTMENT will be provided.

5.2 **Operation.** As partial consideration for the use of City-owned property, the Center shall be operated as an Arts and Recreation Center conducted on a nonprofit basis. The facilities of the Center at the Premises shall be open a minimum of five (5) days per week for forty-six (46) weeks per year and will serve the public with the overall operation schedule to be developed by mutual agreement of the General Manager and HOLA (see Section 12.2, regarding obligation after damage or destruction). HOLA shall post its operating schedule in a conspicuous place near the entrance to the Center and shall adhere to the posted hours of

operation. Any changes in said operating schedule shall be posted for a reasonable period in advance of the date on which such changes are to take effect. HOLA shall operate the Center, develop recreational programming, volunteer training, seminars, workshops, special programs, athletics, community outreach programs, special artistic displays, and similar programs and events for the benefit of Los Angeles youth and residents, all to the extent that HOLA's fundraising and staff commitments shall allow (nothing in this sentence shall be construed to modify HOLA's obligation to operate an Arts and Recreation Center with a major focus on arts and recreation for a specified minimum number of hours per week, or the right of CITY to terminate this Lease for the failure to so operate).

5.2.1 Hours of Operation. The overall operating schedule shall be developed by mutual agreement of the General Manager and HOLA. Hours of Operation shall reflect normal park operating hours of Sunrise to 10 p.m., except under such circumstances and conditions as may be approved in writing in advance by the General Manager. HOLA reserves the right to open after normal operating hours, on weekday evenings and/or Sundays for special events with prior permission from DEPARTMENT.

5.2.2 Entry. CITY and HOLA acknowledge the safety and security concerns associated with the operation of a public park facility. Accordingly, CITY shall allow HOLA, in its sole discretion, the right to limit public entry into its Premises to only those individuals present in connection with HOLA or other community-related programming recognized by HOLA.

5.3 Consideration for DEPARTMENT Programs. HOLA shall give consideration to groups sponsored by the DEPARTMENT that wish to use the Center as a location for meetings or programs when the Center is not open to the public. Members of such groups would be participants of programs at DEPARTMENT facilities. HOLA shall reasonably accommodate DEPARTMENT requests for use of the meeting space in accordance with standard reservation procedures, provided the parties hereby expressly acknowledge and agree, that the following activities shall be prohibited by any occupant of the Premises, including, without limitation the City, Tenant or Department: any trade or business, that is an excluded business under Treasury Regulations 1.45D-1(d)(5)(ii) or (iii), including without limitation, any one or more of the following: any private or commercial golf course, country club, massage parlor, hot tub facility, suntan facility, racetrack or other facility used for gambling, or any store the principal business of which is the sale of alcoholic beverages for consumption off premises, the ownership or operation of "residential rental property" (as defined in Section 168(e)(2)(A) of the Code, any trade or business consisting predominantly of the development or holding of intangibles for sale or license, and any trade or business the principal activity of which is farming (within the meaning of section 2032A(e)(5)(A) or (B) of the Code).

5.4 Security. HOLA shall, at its sole cost and expense, provide for reasonable precautions to protect the security and safety of the Premises, contents contained therein, and all those who enter the Premises. In the event of an injury to a person on said Premises or in the event of an emergency situation, HOLA shall make reasonable efforts to ensure that the injured person or emergency receives prompt and qualified attention. CITY is not obligated under this Lease to provide any security for the Premises, contents contained therein, or persons who enter

the Premises. No person may live on the Premises (*i.e.*, use Center or Premises as a home or living quarters) except during declared emergencies.

5.5 **Alcoholic Beverages.** The dispensing of beer, wine, or other intoxicating liquors shall not be permitted, except under such circumstances and conditions as may be approved in writing in advance by the General Manager.

5.6 **Signs and Advertising.** Signage on the Premises and advertising shall be governed as follows:

5.6.1 **Commercial Signs.** No commercial advertising signs of any kind or type may be displayed at the Premises without the prior written approval of the General Manager in his or her discretion.

5.6.2 **Donor and Related Signage.** Donor signage and signs denoting building/area names shall be allowed. The cooperation between HOLA and CITY shall be recognized in a mutually agreed to manner in all signage and promotions relating to the facilities at the Premises.

5.7 **Special Events.** HOLA may conduct certain special program-related, fundraising, or community events outside normal operating hours with the prior written approval of the General Manager, which shall not be unreasonably withheld or delayed, and in compliance with all policies and procedures heretofore and hereafter adopted by the CITY. HOLA shall provide for and assume all costs and expenses for additional personnel and/or facilities that the General Manager deems necessary to accommodate said special event. For the avoidance of doubt, special events conducted pursuant to this Section 5.7 shall not include "rental events" such as weddings, quinceañeras, bar mitzvahs, birthday parties, or other events that are unrelated to HOLA's programs and services.

5.8 **Ancillary Income.** During the Term, in the event HOLA obtains income from uses of the Premises which are ancillary to the uses contemplated under this Lease (*e.g.*, uses contemplated in Section 17.1 herein), HOLA shall use such income only for such purposes as are consistent with the nonprofit activities permitted with respect to the use of the Premises. Any receipt of such income shall be reported to CITY in the annual report required pursuant to Section 8.1, and HOLA, if requested by the General Manager, shall provide the General Manager with such accountings as the General Manager shall reasonably require to demonstrate compliance with this Section 5.8. Nothing in this Section shall be construed to permit uses of the Premises not otherwise allowed under the provisions of this Lease, nor shall anything in this Section be construed to negate or modify any requirement for prior approval of activities.

5.9 **Review of Functions and Operations.** On an annual basis, or as deemed reasonably necessary by either HOLA or CITY, CITY may request that representatives of the parties confer to evaluate adequacy of the functional, operational and maintenance responsibilities of each party, as stipulated in this Lease, and make such adjustments as they deem necessary.

ARTICLE 6
MAINTENANCE AND REPAIR OF CENTER

6.1 **HOLA's Responsibilities.** HOLA shall keep and maintain, at HOLA's sole cost and expense, the Premises and Center and all other improvements on the Premises in good condition and repair during the entire Term of this Lease. HOLA shall be responsible for providing all security, maintenance, and custodial services as are required in the Premises. HOLA shall pay the cost of all such services. Security, maintenance, and custodial services shall be maintained at a customary and usual level for similar facilities in the Los Angeles area, except where specific levels of service are provided in this Lease or are reasonably imposed by the General Manager, in which case those levels of service shall apply. The condition and state of repair covering the entire Premises, the buildings or other structures on the Premises, interior, exterior, and all access areas thereto, shall at all times be, without limitation, as follows: safe and free from hazard; free of rodents, insects and other pests; free from unsightly signs, displays, markings, and graffiti; free from litter and debris; free from abandoned personal items or personal items left longer than twenty-four (24) hours; all plumbing, electrical, heating, cooling and other systems in good operating condition and free from hazard of obstruction of any kind; sidewalks, fencing, landscaping, and play and parking areas in neat and safe condition; all areas adequately illuminated; and all areas well painted and in such condition as not to detract from the surrounding neighborhood. CITY shall have the right to inspect the Premises for compliance under this Section 6.1 pursuant to Section 9.3.

6.2 **CITY Not Obligated To Repair.** Except as provided expressly in this Lease, in no event shall CITY be required or obligated to perform any maintenance or to make any repairs, changes, alterations, additions, improvements or replacements of any nature whatsoever, on the Premises or the improvements thereon, or any part thereof, at any time during the Term. Moreover, nothing contained in this Lease shall be construed as requiring CITY to make any repairs or to do any maintenance necessitated by reason of the negligence of HOLA or anyone claiming under HOLA, or by reason of the failure of HOLA to observe or perform any conditions, covenants or agreements contained in this Lease, or by reason of any damage to or destruction of other property caused by any improvements, alterations or additions made by HOLA or anyone claiming through HOLA.

6.3 **Refuse and Trash.** HOLA shall keep the Premises clean and sanitary at all times. No refuse matter, nor any substance constituting an unnecessary, unreasonable or unlawful fire hazard, or material detrimental to the public health, shall be permitted or allowed to remain thereon, and HOLA shall take all reasonable precautions to prevent any such matter or material from being or accumulating upon the Premises. HOLA shall provide for the collection and removal of all garbage and/or refuse and abandoned personal items or personal items left longer than twenty-four (24) hours from the Premises as often as is necessary and in no case less than twice weekly. HOLA shall furnish all equipment and materials therefor, including trash receptacles of a size, type and number approved by CITY for use by the public. Such approval shall not be unreasonably withheld. HOLA shall provide an enclosed area concealing trash storage from public view. HOLA shall, during the Term of this Lease or any extension thereof and at HOLA's sole expense, conduct a recycling program on the Premises in conjunction with the CITY Facilities Recycling Program of the City of Los Angeles, or any similar program subsequently implemented. Such program will include all materials which may be reasonably

recycled (e.g., white paper, mixed paper, newspaper, aluminum cans, and plastic and glass containers).

6.4 Safety Deficiencies. HOLA shall promptly correct all safety deficiencies and violations of safety practices of which it has or should have knowledge and shall cooperate fully with CITY in the investigation of accidents occurring on the Premises. In the event of injury to a patron, HOLA shall use its best efforts to provide or cause to be provided prompt and qualified medical attention to the injured person; provided, however, that nothing in this Section is intended to confer any third-party beneficiary status on any person not a party to this Lease. As soon as possible thereafter, HOLA shall submit to CITY a "Non-Employee Accident or Illness Report" on the then-current standard form specified by the CITY or make such other report as CITY may reasonably require.

6.5 Failure to Perform Maintenance. In the event HOLA does not perform maintenance or repairs such that the improvements on the Premises, or any portion thereof, are no longer suitable for use by the public or other occupancy, as determined by either CITY or HOLA, or that the improvements on the Premises, or any portion thereof, are not in compliance with applicable federal, state, or local laws on or after the date provided for such compliance, in each case beyond applicable notice and cure periods, CITY, at its sole discretion, may:

6.5.1 Perform or have performed the necessary remedial work at HOLA's expense;

6.5.2 Terminate this Lease in accordance with Paragraph 15.2.1; or

6.5.3 Require the immediate vacation of all of the improvements on the Premises or, at the sole discretion of CITY, a portion of the improvements on the Premises until such time as such maintenance or repairs are complete or such time as the improvements on the Premises are in compliance with such laws, as the case may be. The remedy provided in this Paragraph 6.5.3 may be used independently or in conjunction with the remedies provided in either Paragraph 6.5.1 or Paragraph 6.5.2.

6.6 Effect of Inspections or Approvals. Wherever in this Lease inspections or approvals are required from CITY in its role as Landlord under this Lease, including from the General Manager, such inspections or approvals are additional to, and are not in lieu of, any inspections or approvals otherwise required under any applicable ordinance, regulation, or statute. Such inspections or approvals by CITY are discretionary acts and shall not impose any liability on CITY to third persons nor to HOLA, and, in addition, shall not obligate CITY for any costs or expenses related to the construction, improvement, or maintenance of any building or other structure at the Premises.

ARTICLE 7 UTILITIES, SEWERS AND STORM DRAINS

7.1 Utilities. HOLA shall install and pay all charges associated with the installation of electricity, natural gas, sewer, water, telephone services, and other services and utilities as well as all periodic fees for said services. HOLA shall, at its sole cost and expense, provide all above-ground and underground utility lines, and related improvements, required for the

successful operation of the Center. CITY shall assist HOLA in obtaining such utility easements and connections as may be necessary to provide any utility service, provided that the obtaining of said easements and connections shall be at no cost to the CITY.

7.2 Sewers and Storm Drains. Sewage lines and storm drainage lines which were constructed in connection with the improvements on the Premises are the responsibility of HOLA, which shall maintain and repair such sewage lines and storm drainage lines at HOLA's sole cost and expense. To the extent that there are sewage lines and storm drainage lines within the boundaries of the Premises which predate this Lease or which were installed by CITY (other than for exclusive use of the Center): (i) CITY retains an easement across the Premises for such sewage lines and storm drainage lines, including the right to access such lines for the purpose of inspection, repair, and relocation, and HOLA shall not construct any improvements over such sewage lines or storm drainage lines without the prior written consent of the General Manager, which shall be at the General Manager's sole discretion, and (ii) CITY shall maintain and repair such sewage lines and storm drainage lines. In the event that sewer and/or drainage lines (if any) within the boundaries of the Premises are replaced, repaired or relocated as an element of a City of Los Angeles project not related to the Center, CITY agrees to restore, at its sole expense, any landscaping and ground conditions to the state existing prior to such activity.

ARTICLE 8 REPORTS AND AUDITS

8.1 Report to CITY. Not later than twelve (12) months following the Effective Date, and thereafter annually, HOLA shall provide a copy of its annual report, which includes the financial, organizational, and programmatic activities of HOLA to the General Manager. HOLA shall provide such additional information as the General Manager may reasonably request.

8.2 Business Records. CITY maintains an interest in assuring that the facilities it provides at no or minimal rent are being operated in a manner consistent with CITY's intent. Accordingly, HOLA shall maintain to the City's reasonable satisfaction a method of accounting of all the receipts and disbursements in connection with the Premises and other facilities, if any, operated by HOLA jointly with the Premises which shall correctly and accurately reflect the gross receipts and disbursements received or made by HOLA (and, where feasible, which indicate the gross receipts and disbursements received or made by HOLA from the operation of the Center and other activities on the Premises). Nothing in this Section shall require HOLA to maintain separate accounts or business records from its operations at the Premises or any other location which HOLA may operate during the Term of this Lease.

8.3 Inspection and Audit of Records by CITY. All documents, books and accounting records required to be maintained or retained under this Article shall be open for inspection and re-inspection by CITY with reasonable prior notice during regular operating hours during the Term of this Lease and for a period of ten (10) years thereafter. In addition, CITY may from time to time conduct, at CITY's sole cost and expense, an audit or re-audit of the books and business conducted by HOLA with respect to HOLA's operations from the Premises and observe the operation of business so that accuracy of the above records can be confirmed.

**ARTICLE 9
COMPLIANCE WITH ALL LAWS AND REGULATIONS**

9.1 **Federal, State and Local Laws.** HOLA agrees that in achieving its goals as set forth in this Lease, it will comply with all applicable laws, ordinances, rules and regulations enacted or promulgated or which are enacted or promulgated in the future by the City of Los Angeles, the County of Los Angeles, the State of California, and the Federal Government. HOLA shall also adhere to all rules and regulations that have been adopted or that may be adopted by the BOARD or any successor department, board or commission having jurisdiction over the Premises.

9.2 **Compliance with Americans with Disabilities Act.** HOLA agrees that as between HOLA and CITY, HOLA shall be responsible for compliance, including all costs of compliance, with the Americans with Disabilities Act of 1990 (42 U.S.C. § 12101, *et seq.*) and any and all other federal, state, and local laws related to the accessibility of the Premises to persons with disabilities.

9.3 **Right of Entry.** CITY and the General Manager, their authorized representatives, agents and employees shall have the right to enter upon the Premises at any and all reasonable times within operating hours for the purposes of inspection and observation of HOLA's operations. CITY shall endeavor to conduct such inspections and observations in a manner calculated to minimize disruption to the use and enjoyment of the Premises by HOLA, its employees, and patrons. Said inspections may be made by persons identified to HOLA as CITY employees or by independent contractors engaged by CITY. Inspections of areas not open to the general public shall be made with reasonable prior notice (except in the case of emergency, where no notice is required).

9.4 **Operating Permits and Licenses.** HOLA shall obtain, at its sole expense, any and all permits or licenses that may be required in connection with its operations including, but not limited to, tax permits, business licenses, and health permits.

**ARTICLE 10
INSURANCE**

10.1 **Insurance.** Prior to the occupancy of the Premises, under the provisions and conditions of this Lease, HOLA shall furnish CITY with evidence of insurance from insurers (i) reasonably acceptable to CITY, and (ii) approved to write surplus lines in the State of California or licensed to do business in the State of California, on a form reasonably acceptable to the CITY, CAO, Risk Management for the following coverages and minimum limits of insurance specified on the 146R Forms attached hereto as Attachment 1 to **Exhibit E**, or successor form that the CITY might provide. The following coverages shall be maintained by HOLA at its sole cost and expense throughout the Term of this Lease. Evidence of such coverage shall be provided to CITY by HOLA on an Insurance Industry Certificate of Insurance (such as an ACORD Certificate), which includes the following:

10.1.1 **General Liability Insurance.** HOLA shall obtain Commercial General Liability insurance with coverage for Premises and Operations, Products and Completed

Operations, Blanket Contractual Liability, Broad Form Property Damage, and Personal Injury coverages included and shall provide for total limits, subject to adjustments as provided for below, of not less than \$1,000,000 Combined Single Limit, per occurrence, for bodily injury and property damage (during the construction phase of the Center, Umbrella or Excess Liability coverages may be used to supplement primary coverages to meet required limits). Evidence of such coverage shall provide:

10.1.1.1 That CITY, its boards, officers, agencies, and employees are included as additional insureds with HOLA for the development and operation of the Center at the Premises and all HOLA's activities and insured risks related thereto.

10.1.1.2 That the insurance is primary and not contributing with any other insurance maintained by the City of Los Angeles.

10.1.1.3 That the policy include a Severability of Interest or Cross-Liability clause such as "The policy to which this endorsement is attached shall apply separately to each insured against whom a claim is brought, except with respect to the limits of the company's liability."

10.1.1.4 That with respect to the interests of CITY, if an insurance company elects to cancel insurance before the stated expiration date; or declines to renew in the case of a continuous policy, or materially reduces the coverage period by changing the retroactive date (if any), or the extended discovery period (if any), or reduces the stated limits other than by impairment of an aggregate limit, or materially reduces the scope of coverage which affects CITY's interest, the company will provide CITY at least thirty (30) days prior written notice of such election. In addition, notice will be made by receipted delivery addressed as follows: City of Los Angeles, CAO, Risk Management, 200 North Main Street, 12th Floor, Los Angeles, California 90012, or at such address as CITY may, from time to time, specify by written notice. It is understood, however, that such notice to CITY shall not affect the company's right to give a lesser notice to HOLA in the event of nonpayment of premium.

10.1.2 Property Coverage. At all times during the Term of the Lease or any extension of the Lease, with respect to any improvements on the Premises, including, without limitation, the building containing the Center, HOLA shall, at its sole cost and expense, cause to be provided and kept in force and effect insurance policies, protecting CITY and HOLA as their interests may appear, against loss or damage to the improvements on the Premises, in an amount consistent with what a prudent operator of a comparable building would carry providing replacement cost coverage for perils typically insured against in a California standard form fire insurance policy. The replacement cost of the improvements shall be determined in accordance with the standard practices of the insurance industry and evidenced by the certificate of the insurance company or companies issuing such insurance at the time the policy or policies are obtained.

10.1.3 Builder's Risk Insurance. Prior to the commencement of any construction or expansion of the Center, or major internal or external improvements to the Center's structure, HOLA shall, at its sole cost and expense, cause to be provided and kept in full force and effect "All Risks Builder's Risk" insurance, including vandalism and malicious mischief, covering improvements in place, and all materials and equipment at the job site. Said insurance shall remain in full force and effect until the improvements shall have been completed and fully insured as provided in this Article.

10.1.4 Workers' Compensation. HOLA shall comply with the provisions of section 3700, *et seq.*, of the California Labor Code and shall be insured (and shall require that each of its contractors and subcontractors comply with such Code and be insured) against liability for workers' compensation and employers' risk in accordance with the provisions of such Code before commencing the performance of any work on or about the Premises or otherwise in relation to this Lease. A Waiver of Subrogation in favor of CITY is required.

10.1.5 Adjustment of Insurance Levels. CITY reserves the right at any time during the Term of this Lease, applying generally accepted Risk Management principles, to change the amounts and types of insurance required hereunder effective at the renewal date of insurance then in effect (in no case more than one year from the written notice) by giving HOLA ninety (90) days written notice provided that such amounts and/or types shall be reasonably available to HOLA at commercially reasonable premiums.

10.1.6 Reduction of Insurance Protection. If any of the required insurance coverages contain aggregate limits, or apply to other operations or tenancies of HOLA outside of this Lease, HOLA shall give CITY prompt, written notice of any incident, occurrence, claim, settlement, or judgment against such insurance which in HOLA's best judgment may diminish the protection such insurance affords CITY. HOLA shall further take immediate steps to restore such aggregate limits or shall provide other insurance protection for such aggregate limits.

10.1.7 Leasehold Mortgage Insurance. Notwithstanding the foregoing, while any Leasehold Mortgage remains outstanding, in the event of any conflict between the insurance coverage requirements hereunder and those set forth in any Leasehold Mortgage (and any documents related to such Leasehold Mortgage), the requirements in such Leasehold Mortgage (and any documents related to such Leasehold Mortgage) shall control.

10.2 Self-Insurance Programs. Self-insurance programs and self-insured retention in insurance policies are subject to separate approval by CITY upon review of evidence of financial capacity to respond. Additionally, such programs or retention must provide CITY with at least the same protection from liability and defense of suits as would be afforded by first-dollar insurance.

10.3 Failure to Maintain Insurance. HOLA's failure to procure or maintain required insurance shall constitute a material breach of this Lease under which CITY may immediately terminate this Lease, or, at its discretion, procure or renew such insurance to protect CITY's interest and pay any and all premiums in connection therewith, and recover all monies so paid

from HOLA. If CITY elects to terminate this Lease, HOLA agrees to immediately cease all operations and activities under this Lease and to peacefully surrender the Premises.

10.4 Indemnification/Hold Harmless. Except for the active negligence or willful misconduct of CITY, or any of its Boards, Officers, Agents, Employees, Assigns and Successors in Interest, HOLA undertakes and agrees to defend, indemnify and hold harmless CITY and any of its Boards, Officers, Agents, Employees, Assigns, and Successors in Interest from and against all suits and causes of action, claims, losses, demands and expenses, including, but not limited to, attorney's fees and cost of litigation, damage or liability of any nature whatsoever, for death or injury to any person, including HOLA's employees and agents, or damage or destruction of any property of either party hereto or of third parties, arising in any manner by reason of the negligent acts, errors, omissions or willful misconduct incident to the performance of this Lease by HOLA or its subcontractors of any tier. The provisions of this paragraph survive expiration or termination of this Lease.

ARTICLE 11 IMPROVEMENTS

11.1 Improvements. All improvements constructed on the Premises by HOLA at any time and from time to time during the Term shall be owned by HOLA during the Term (including any extension thereof). Upon the expiration or termination of this Lease, HOLA shall surrender the improvements in accordance with the terms and provisions of Article 16 below.

ARTICLE 12 DAMAGE

12.1 Damage. Except as otherwise provided in this Lease, if the improvements located on the Premises are damaged and such damage was caused by fire or other peril covered by HOLA's insurance, HOLA agrees to repair such damage to the extent set forth in this Section, and this Lease shall continue in full force and effect. If (1) such improvements are damaged as the result of any cause other than perils covered by HOLA's insurance, or (2) during the last twenty (20) years of the Term of this Lease such improvements are damaged as the result of fire or other perils covered by HOLA's insurance, and the cost to repair such damages (as determined by HOLA in good faith) shall exceed thirty-five percent (35%) of the full replacement cost of the improvements, or (3) during the last ten (10) years of the Term of this Lease such improvements are damaged as a result of fire or other peril covered by HOLA's insurance, and the cost to repair such damage (as determined by HOLA in good faith) shall exceed fifteen percent (15%) of the full replacement cost of the improvements, then HOLA may, at HOLA's option, either (i) repair such damage as soon as reasonably practicable at HOLA's sole cost and expense, in which event this Lease shall continue in full force and effect, or (ii) give written notice to CITY within ninety (90) days after the date of occurrence of such damage of HOLA's intention to cancel and terminate this Lease thirty (30) days after written notice of the intention to cancel and terminate. Upon such termination, HOLA shall, if requested by CITY, complete demolition of the damaged Center or other damaged improvement. Notwithstanding the foregoing, while any Leasehold Mortgage remains outstanding, the use of insurance proceeds following a casualty and the determination to replace any damaged improvements shall be governed by the Leasehold Mortgage and any documents related to such Leasehold Mortgage.

ARTICLE 13
DESIGN AND CONSTRUCTION OF CENTER

13.1 **Design and Construction of Center.** HOLA shall design and construct the Center in conformance with all the applicable federal, state, county, and city laws in force at the time of design. All plans shall be prepared by HOLA and must be submitted to the BOARD for approval. The BOARD may direct HOLA to submit the plans to other City of Los Angeles agencies for approval, including, without limitation, the Cultural Affairs Commission of the City of Los Angeles, the Department of Public Works of the City of Los Angeles and the Department of Building and Safety of the City of Los Angeles. Such approvals shall be at the sole discretion of the BOARD and agencies involved.

13.2 **Design Submission Requirements.** During the design phase, HOLA shall provide DEPARTMENT with various submittals for approval. These include but are not limited to the following:

13.2.1 **Schematic Plans.** Schematic plans shall include at least the following: analysis of requirements and proposed uses including site utilization and computation of required floor, parking, yard and other areas necessary to the proposed uses; single-line drawings illustrating appropriate floor areas and arrangement of the various uses, and site utilization; specifications indicating construction methods, concepts and materials, including mechanical and electrical concepts; and approximate estimates of construction costs.

13.2.2 **Preliminary Plans.** Preliminary plans shall include at least the following: drawings illustrating in greater detail than the schematic plans, floor area relationship, the various requirements of different occupancies, elevations, sections, and architectural, structural, civil, mechanical, electrical, landscaping and other design aspects; preliminary specifications for the project arranged in Construction Specification Institute form; preliminary estimate cost of construction; and a colored perspective Delineation or Rendering of the project.

13.2.3 **Working Drawings.** Working drawings shall include at least the following: computations and specifications, in accordance with the approved preliminary plans, including necessary drawings in sufficient detail to provide adequate information for accurate minimum bids; a detailed final estimate of cost of construction of the project; and complete checking and coordination of all architectural, structural, civil, landscape, mechanical and electrical drawings.

13.2.4 **Final Plans.** Final plans shall include at least working drawings and specifications that have been processed through plan check review and other required corrections.

13.3 **Construction of Center.** HOLA shall construct the Center in conformance with all the applicable federal, state, county, and city laws in force at the time of construction and in conformance with the site and building plans prepared by HOLA and approved by the BOARD, and such other City of Los Angeles agencies as the BOARD may designate for approval.

13.3.1 **Progress Report.** If requested by CITY, HOLA shall submit a construction progress report on a monthly basis.

13.3.2 **As Built Drawings.** HOLA shall submit to the BOARD reproducible "As Built" drawings of all improvements constructed on the Premises with the exception of the security system. Such plans shall also include plans for landscaping and other outdoor improvements related to the Center. "As Built" drawings of the security system shall be retained by HOLA until such time as the Lease is terminated or expires, at which time the security system "As Built" drawings shall be submitted to the BOARD.

13.4 **Demolition and Hazardous Materials Disposal.** HOLA shall, at HOLA's sole cost and expense, be responsible for the demolition and disposal of any improvements on the Premises as of the Effective Date not needed or desired by HOLA for the Center. HOLA shall also, at HOLA's sole cost and expense, be responsible for any remediation of Hazardous Materials (as defined in Paragraph 14.1.3) required during site preparation or construction of improvements on the Premises; provided, however, that in the event HOLA determines that such remediation renders the contemplated Center project economically unfeasible, HOLA may terminate this Lease upon written notice to CITY and restoration of the Premises to substantially the condition existing prior to any site preparation or construction.

13.5 **No CITY Liability.** Nothing contained in this Lease shall be construed or deemed to construe or deemed to create any obligation or liability, including, without limitation, liability as a guarantor or surety, on the part of CITY with respect to the Center or any other improvements constructed from time to time, or any plans or specifications, construction contracts, financing or other matter, instrument or document of any nature whatsoever relating to such improvements. CITY is not and shall at no time be liable to any creditor of HOLA or any other persons occupying any part of the Premises or the improvements thereon as a sublessee, licensee or otherwise or to any claimant against the estate or property of HOLA or such other occupants for any of their debts, losses, contracts or other obligations. The relationship between CITY and HOLA is solely that of lessor and lessee and is not and shall not be deemed a partnership or joint venture.

13.6 **Mortgages; Mechanic's And Materialmen's Liens.** During the Term, other than as set forth in Section 17.2, the real property underlying the Premises shall not be used as security for any loans or mortgages or otherwise have any liens placed on it. By way of specification without limitation, HOLA shall keep the Premises free from any liens arising out of work performed, materials furnished, or obligations incurred by HOLA and shall indemnify, hold harmless and defend CITY from any liens and encumbrances arising out of any work performed or materials furnished by or at the direction of HOLA. In the event that HOLA shall not, within thirty (30) calendar days following the imposition of any such lien, cause such lien to be released of record by payment or posting of a proper bond, CITY shall have in addition to all other remedies provided herein and by law, the right, but no obligation to cause, upon five (5) business days prior written notice to HOLA, the same to be released by such means as it shall deem proper, including payment in satisfaction of the claim giving rise to such lien. All such sums paid by CITY and all expenses incurred by it in connection therewith, including costs and attorneys' fees, shall be paid by HOLA to CITY on demand.

13.7 **Performance and Payment Bond.** HOLA shall require its general contractor to provide both a construction performance bond and a payment bond. The performance bond shall name the CITY as an additional loss payee, in the amount of its contract sum. HOLA or any contractor of HOLA shall pay all bond premiums, costs and incidentals. The bonds shall be in an amount equal to one hundred percent (100%) of the construction contract price, subject to proportional decrease as construction progresses, so as to be available to ensure completion in the event of a default by the contractor and to satisfy claims of material suppliers and of mechanics and laborers employed by the construction firm on the work. In the event HOLA utilizes a separate contractor or contractors for construction of the interior improvements of the Center, HOLA shall require said contractor or contractors to provide their own bond(s) in the amount of their respective contracts, with the performance bond naming the CITY as additional loss payee. Said bond(s) shall be in an amount equal to one hundred percent (100%) of the respective construction contract price, subject to proportional decrease as construction progresses, to be sufficient to ensure completion in the event of a default by the contractor and to satisfy claims of material suppliers and of mechanics and laborers employed by the construction firm on the work. All bonds referred to in this paragraph shall be maintained in full force and effect until the work as shown on the approved plans is completed and accepted by HOLA and CITY, and until all claims for materials and labor are paid, and shall otherwise comply with the California Civil Code.

13.8 **Prevailing Wages.** HOLA understands that the construction of the Center may be considered "public work" within the meaning of section 1720.2 of the California Labor Code, and therefore agrees, to the extent that the construction of the Center is determined to be "public work," that all on-site workers employed on the construction of the Center shall be paid not less than the general prevailing rate of wages for work of a similar nature in the Los Angeles area.

ARTICLE 14 HAZARDOUS MATERIALS

14.1 **Hazardous Materials.** CITY and HOLA agree as follows with respect to the existence or use of Hazardous Material (as defined in Paragraph 14.1.3) on the Premises:

14.1.1 **Prohibition.** HOLA shall not cause or permit any Hazardous Material to be brought upon, kept or used in or about the Premises by HOLA, its agents, employees, contractors or invitees in violation of law or in quantities which would require reporting to a governmental entity, without the prior written consent of the General Manager, acting at the General Manager's sole discretion. If HOLA breaches the obligations stated in the preceding sentence, or if the presence of Hazardous Material on the Premises caused or permitted by HOLA results in contamination of the Premises, or if contamination of the Premises by Hazardous Material otherwise occurs for which HOLA is legally liable to CITY for damage resulting therefrom, then, HOLA shall indemnify, hold CITY harmless, and defend CITY (with counsel reasonably acceptable to CITY) from any and all claims, judgments, damages, penalties, fines, costs, liabilities or losses (including, without limitation, diminution in value of the Premises, damages for the loss or restriction on use of rentable or usable space or of any amenity of the Premises, damages arising from any adverse impact on marketing of space on the Premises, and sums paid in settlement of claims, attorneys' fees, consultant fees and expert fees) which

arise during or after the Term as a result of such contamination. This indemnification of CITY by HOLA includes, without limitation, costs incurred in connection with any investigation of site conditions or any cleanup, remedial, removal or restoration work required by any federal, state or local governmental agency or political subdivision because of Hazardous Material present in the soil or ground water on or under the Premises. Without limiting the foregoing, if the presence of any Hazardous Material on the Premises caused or permitted by HOLA results in any contamination of the Premises, HOLA shall promptly take all actions at its sole expense as are necessary to return the Premises to the condition existing prior to the introduction of any such Hazardous Material to the Premises; provided that CITY's approval of such actions shall first be obtained, which approval shall not unreasonably be withheld so long as such actions would not potentially have any material adverse long-term or short-term effect on the Premises. However, the foregoing provisions shall not prohibit HOLA from transportation to and from, and the use, storage, maintenance, and handling within, the Premises of substances customarily used in connection with normal office or recreational center use provided: (a) such substances shall be used and maintained only in such quantities as are reasonably necessary for the permitted use of the Premises set forth in Section 5.1 of this Lease, strictly in accordance with applicable laws and the manufacturers' instructions therefor; (b) such substances shall not be disposed of, released, or discharged at the Premises, and shall be transported to and from the Premises in compliance with all applicable laws, and as CITY shall reasonably require; (c) if any applicable law or the trash removal contractor requires that any such substances be disposed of separately from ordinary trash, HOLA shall make arrangements at HOLA's expense for such disposal directly with a qualified and licensed disposal company at a lawful disposal site, and shall ensure that disposal occurs frequently enough to prevent unnecessary storage of such substances on or around the Premises; and (d) any remaining such substances shall be completely, properly, and lawfully removed from the Premises upon expiration or earlier termination of this Lease. The provisions of this paragraph survive expiration or termination of this Lease.

14.1.2 Compliance Costs. CITY and HOLA acknowledge that CITY may become legally liable for the costs of complying with laws relating to Hazardous Material which are not the responsibility of HOLA pursuant to Paragraph 14.1.1, including the following: (1) Hazardous Material present in the soil or ground water; (2) a change in Laws which relate to Hazardous Material which make such Hazardous Material which is present on the Premises as of the Effective Date, whether known or unknown to CITY, a violation of such new laws; (3) Hazardous Material that migrates, flows, percolates, diffuses or in any way moves on to or under the land; (4) Hazardous Material present on or under the land as a result of any discharge, dumping or spilling (whether accidental or otherwise) on the land by other owners of the Premises or their agents, employees, contractors or invitees, or by others. Accordingly, CITY and HOLA agree that the cost of complying with laws relating to Hazardous Material on the Premises for which CITY may be legally liable shall be borne by CITY unless the cost of such compliance, as between CITY and HOLA, is made the responsibility of HOLA pursuant to this Lease (see, for example, Section 13.4).

14.1.3 **“Hazardous Material” – Definition.** As used herein, the defined term “Hazardous Material” means any chemical, substance, material, or waste or component thereof the presence of which requires investigation or remediation under any federal, state, or local statute, regulation, ordinance, order, action, policy, or common law, or which is now or hereafter listed, defined, or regulated as a flammable explosive, radioactive material, hazardous or toxic chemical, substance, material or waste or component thereof (whether injurious by themselves or in conjunction with other materials) by any federal, state, or local governing or regulatory body having jurisdiction, or which would trigger any employee or community “right-to-know” requirements adopted by such body, or for which any such body has adopted any requirements for the preparation or distribution of a material safety data sheet. “Hazardous Material” includes, without limitation, any material or substance which is: (e) defined as a “hazardous waste,” “extremely hazardous waste” or “restricted hazardous waste” under Sections 25115, 25117 or 25122.7, or listed pursuant to Section 25140, of the California Health and Safety Code, Division 20, Chapter 6.5 (Hazardous Waste Control Law); (f) defined as a “hazardous substance” under Section 25316 of the California Health and Safety Code, Division 20, Chapter 6.8 (Carpenter-Presley-Tanner Hazardous Substance Account Act, California Health and Safety Code Section 25300, *et seq.*); (g) defined as a “hazardous material,” “hazardous substance,” or “hazardous waste” under Section 25501 of the California Health and Safety Code, Division 20, Chapter 6.95 (Hazardous Materials Release Response Plans and Inventory, California Health and Safety Code Section 25500, *et seq.*); (h) defined as a “hazardous substance” under Section 25281 of the California Health and Safety Code, Division 20, Chapter 6.7 (Underground Storage of Hazardous Substances, California Health and Safety Code Section 25280, *et seq.*); (i) petroleum; (j) asbestos; (k) defined as a “hazardous constituent,” “hazardous material,” “hazardous waste,” or “toxic waste” under Article 2 of Chapter 10 (Section 66260.10) or defined as a “hazardous waste” under Article 1 of Chapter 11 (Section 66261.3) of Title 22 of the California Code of Regulations, Division 4.5 (Environmental Health Standards for the Management of Hazardous Waste, 22 C.C.R. Section 66001, *et seq.*); (l) designated as a “hazardous substance” pursuant to Section 311 (33 U.S.C. § 1321) of the Clean Water Act of 1977, as amended (Federal Water Pollution Control Act, 33 U.S.C. § 1251, *et seq.*); (m) defined as a “hazardous waste” pursuant to Section 1004 (42 U.S.C. § 6903) of the Federal Resource Conservation and Recovery Act of 1976, as amended (RCRA, 42 U.S.C. § 6901, *et seq.*); (n) defined as a “hazardous substance” pursuant to Section 101 (42 U.S.C. § 9601) of the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (CERCLA, 42 U.S.C. § 9601, *et seq.*); or (o) defined as “hazardous material” under Section 103 (49 U.S.C. § 1802) of the Hazardous Materials Transportation Act (49 U.S.C. § 1801, *et seq.*); or as such laws may be amended from time to time, and the regulations adopted and publications promulgated pursuant to such laws.

14.1.4 **Disposal of Hazardous Material.** If HOLA disposes of any soil, material or groundwater contaminated with hazardous material, HOLA shall provide CITY copies of all records including a copy of each uniform hazardous waste manifest indicating the quantity and type of material being disposed of, the method of transportation of the material to the disposal site and the location of the disposal site. Except where presence

of Hazardous Material predated this Lease, CITY shall not appear on any manifest document as a generator of such material disposed of by HOLA.

14.1.5 Hazardous Material Tests. Any tests required of HOLA by this Article shall be performed by a State of California Department of Health Services (or successor entity) certified testing laboratory satisfactory to CITY. By signing this Lease, HOLA hereby irrevocably directs any such laboratory to provide CITY, upon written request from CITY, copies of all of its reports, test results, and data gathered. As used in this Article, the term “HOLA” includes agents, employees, contractors, subcontractors, and/or invitees of HOLA.

14.1.6 Notice of Hazardous Substances. California Health and Safety Code section 25359.7(a) requires any owner of nonresidential real property who knows, or has reasonable cause to believe, that any release of hazardous substance has come to be located on or beneath that real property to, prior to the lease or rental of that real property or when the presence of such release is actually known, give written notice of that condition to the lessee or renter. California Health and Safety Code section 25359.7(b) requires any tenant of real property who knows, or has reasonable cause to believe, that any release of hazardous substance has come to be located on or beneath that real property to give written notice of such condition to the owners. HOLA and CITY shall comply with the requirements of section 25359.7 and any successor statute thereto and with all other statutes, laws, ordinances, rules, regulations and orders of governmental authorities with respect to hazardous substances.

ARTICLE 15 DEFAULT AND CANCELLATION

15.1 Events of Default. The following occurrences are “Events of Default”:

15.1.1 Breach of Lease. HOLA materially breaches or fails in the performance of any of the provisions or conditions of this Lease; or

15.1.2 Failure to Conform to Laws. HOLA fails to conform to applicable laws, rules or regulations.

15.2 Default – CITY’s Remedies. If any one or more Events of Default set forth in Section 15.1 occurs, then CITY may, at its election, without any further notice to or authorization from HOLA, and without waiving its rights at any time to select any other remedy provided in this Section, elsewhere in this Lease, if applicable, or under law, do any one or more of the following:

15.2.1 Termination of Lease. CITY may give HOLA written notice of such Event of Default. If HOLA does not cure said default within thirty (30) days after notice, subject to Force Majeure, CITY may deliver a second written notice to HOLA, after which, if HOLA fails to cure said default within an additional thirty (30) days, subject to Force Majeure, or such longer period as is reasonably necessary to remedy such default, provided that HOLA shall continuously and diligently pursue such remedy at all times

until such default is cured, CITY may terminate this Lease and HOLA shall vacate the Premises and comply with Section 16.1; and/or

15.2.2 **Recovery at Law.** CITY may recover at law any and all claims which may be due CITY; and/or

15.2.3 **Self-help.** CITY may perform such work as it deems necessary to cure said Event of Default and charge HOLA for the cost of labor and materials expended. The General Manager may exercise this option immediately in an Event of Default involving sanitary or safety considerations. Otherwise, the General Manager may exercise this option within thirty (30) days after giving HOLA written notice of default involving Premises' maintenance. CITY shall provide HOLA with reasonably detailed invoice for the labor and materials expended, plus administrative overhead, and HOLA shall pay the full sum of the invoice within sixty (60) days of HOLA's receipt of the invoice. In the event HOLA disputes any of the charges on the invoice or HOLA's obligation to pay for any or all of the items, HOLA shall pay the full sum of the invoice within the sixty (60) day period, subject to prompt reimbursement from CITY to the extent HOLA prevails on any items in dispute.

The specified remedies to which CITY may resort under the provisions of this Lease are cumulative and not intended to be exclusive of any other remedies afforded by law.

15.3 **No Waiver.** The conduct of either party or the acceptance of all or part of any payment by CITY after an Event of Default for any period after an Event of Default shall not be deemed a waiver of any rights and remedies, nor a waiver of the default of the same or any other provision, covenant or condition. Waiver by either CITY or HOLA of any breach by the other of any covenant, condition or obligation herein contained or failure by either CITY or HOLA to exercise any right or remedy in respect of any such breach shall not constitute a waiver or relinquishment for the failure of any such covenant, condition or obligation or of any subsequent breach of any such covenant, condition or obligation nor bar any right or remedy of CITY or HOLA in respect of any such subsequent breach.

15.4 **Default by CITY.** In the event CITY defaults in the performance of any of the provisions or conditions of this Lease, and if a written notice of such default is issued to CITY by HOLA, and if CITY does not commence to cure said default within sixty (60) days of receipt of said notice, subject to Force Majeure, HOLA may immediately terminate this Lease and/or obtain specific performance.

ARTICLE 16 SURRENDER OF PREMISES

16.1 **Surrender of Premises.** Upon termination of this Lease, should HOLA and the CITY not enter into a new lease of the Premises, HOLA shall quit and surrender possession of the Premises to CITY in good and usable condition, subject to normal wear and tear, including surrender of the improvements (without representation or warranty, on an "as is, where is" basis); provided, however, that the BOARD, at the BOARD's sole discretion, may require HOLA to demolish and remove all or a portion of the improvements on the Premises. Any

improvements which have been constructed or erected on the Premises shall, upon termination of this Lease, become the property of CITY. HOLA's personal property and fixtures related thereto, and all property described in Section 11.1 shall remain the property of HOLA or its assigns and may be removed by HOLA from the Premises upon termination of this Lease. Should HOLA fail to remove such property, improvements, or fixtures after the termination of this Lease, CITY may, at CITY's option: (1) retain all or any of such property, and title thereto shall thereupon vest in CITY; or (2) remove the same, in which event HOLA shall pay to CITY upon demand the reasonable costs of such removal.

16.2 No Implied Surrender. HOLA agrees on the last day of the Term, or on the earlier termination of this Lease, to surrender the Premises, including all then existing improvements. No act or thing done by CITY during the Term shall be deemed an acceptance of a surrender of the Premises, and no agreement to accept such surrender shall be valid unless in writing and signed by CITY.

16.3 Failure to Surrender. If HOLA fails to surrender the Premises, together with the improvements thereon, upon the termination of this Lease, HOLA agrees to indemnify and hold harmless CITY from and against any loss or liability, including costs and reasonable attorney's fees, resulting from such failure to surrender, including, but not limited to, any claims made by any succeeding tenant based on or resulting from such failure to surrender. Nothing herein contained shall be construed as consent to any occupancy or possession of any portion of the Premises and the improvements thereon by HOLA beyond the expiration of the Term or the earlier termination of this Lease.

ARTICLE 17 ASSIGNMENT AND BANKRUPTCY

17.1 Assignment and Subletting. HOLA shall have the right to sublet the Premises, or any part thereof, or allow the same to be used or occupied by a 501(c)(3) non-profit organization or other similar group or organization for any community-oriented purpose consistent with or complementary to the use of the Premises, as defined in Article 5 herein. HOLA shall not sublet or assign this Lease without the consent of the BOARD, which consent may not be unreasonably withheld, conditioned, or delayed; provided, however, that CITY hereby approves a sublease to HEART OF LA, in the form of the Sublease Agreement attached hereto as Exhibit D. Such consent shall not be required for subleases of no more than five (5) days in duration involving uses of portions of the Premises consistent with the provisions of this Lease. Short term and occasional use of the Premises for other activities such as location filming, special events, rehearsals, performances, and projects with artists or other non-profit or governmental agencies shall not be considered as assignments or subletting and HOLA may allow such use without the prior consent of CITY (however, net income, if any, from such activities is subject to the provisions of Section 5.8). HOLA shall not rent, lease, or offer any space for storing any article or articles unrelated to HOLA or HOLA's mission, within or on the Premises, without the prior written consent of the General Manager. Any attempt to sublease, assign, or transfer without the consent required by this Section shall be void and shall transfer no rights to the Premises. If HOLA believes that CITY has abused its discretion in denying consent, HOLA's sole remedy will be to seek a declaratory judgment that CITY has abused its discretion or an order of specific performance. HOLA will not have any right to damages.

17.2 Right to Encumber; Mortgagee Protection. Provided HOLA is not in default under this Lease, HOLA may, at any time and from time to time during the term hereof, encumber to any Lender by deed of trust or mortgage or other security instrument (“Leasehold Mortgage”), all of HOLA’s right, title, and interest under this Lease and the leasehold estate hereby created in HOLA or any of the improvements or personal property of HOLA on the Center (“Personal Property”) for any purpose or purposes without the consent of the CITY. The Leasehold Mortgage and all rights acquired under it shall be subject to each and all of the provisions, covenants, conditions, and restrictions stated in this Lease and to all rights and interest of the CITY except as otherwise specifically provided in this Lease and that certain Consent to Leasehold Deed of Trust and Modification of Lease, by and among CITY, HOLA and New Markets Community Capital XXI, LLC, a Delaware limited liability company. HOLA’s right to enter into a Leasehold Mortgage transaction shall be at HOLA’s sole cost and expense. As used herein, the term “Lender” shall mean any lender or lenders advancing funds to HOLA to assist HOLA in the construction, operation and/or maintenance of the Center.

17.2.1 In the event the Lender exercises its remedies under the Leasehold Mortgage and Lender acquires HOLA’s interest in the Premises through foreclosure or otherwise, so long as no default has occurred or occurs and is continuing beyond any cure periods provided in this Lease as would entitle the City, as landlord, to terminate the Lease or would entitle the City to dispossess HOLA thereunder, City (including any successor to City) shall not terminate the Lease, nor interfere or disturb the Lender’s use, possession or enjoyment of the Premises pursuant to the terms of the Lease.

17.2.2 If the interests of HOLA under the Lease shall be transferred to the Lender or a third party by exercise of power of sale, foreclosure or otherwise (a “Foreclosure Transferee”), the City shall be bound to the Foreclosure Transferee and shall recognize the Foreclosure Transferee as the tenant under the Lease for the balance of the term thereof entitled to all rights provided thereunder. Following any such transfer, the Foreclosure Transferee shall perform all obligations of lessee under this Lease for the remaining term hereof. These provisions shall become effective immediately upon receipt of written notice from the Foreclosure Transferee that such party has succeeded to the interest of HOLA hereunder, provided that the parties hereto agree to execute such further instruments to confirm or effectuate the same as may be reasonably requested by any party. Lender, and its successors and assigns, shall be an express third-party beneficiary of this Section 17.2.

17.3 Bankruptcy. To the extent permitted by law, neither this Lease nor the rights herein granted shall be assignable or transferable by any process or proceedings in any court, or by attachment, execution, proceedings in insolvency or bankruptcy either voluntary or involuntary, or receivership proceedings. To the extent the previous sentence is not permitted by law, in the event that HOLA shall be adjudicated a bankrupt, or become involved in any proceedings under the bankruptcy laws of the United States or the receivership laws of the State of California, or if the leasehold interest created by this Lease or any improvements constructed pursuant to this Lease are transferred due to operations of law, including, without limitation, the enforcement of a judgment, the trustee in bankruptcy, the receiver, the assignee, or the judgment purchaser shall be bound by all provisions of this Lease, including, without limitation, the requirement that the Premises be operated as a nonprofit arts and recreation center (Section 5.1).

**ARTICLE 18
CONDEMNATION**

18.1 **Condemnation.** Should any or all of the Premises be acquired for public use under the power of eminent domain or by purchase in lieu thereof, CITY shall be entitled to all compensation and severance damages attributable to the land. HOLA shall receive any compensation and severance damages which may be paid for damage or loss of buildings, other improvements, and personal property. Notwithstanding the foregoing, while any Leasehold Mortgage remains outstanding, any condemnation proceeds shall be governed by the Leasehold Mortgage and any documents related to such Leasehold Mortgage.

**ARTICLE 19
NOTICES**

19.1 **Notices.** All notices and demands which may or are to be required or permitted to be given by either party to the other hereunder shall be in writing. All notices and demands shall be personally delivered (including by means of professional messenger service), sent by United States mail, postage prepaid, return receipt requested, or transmitted by telecopier (*e.g.*, Fax) or electronic mail (upon mutual agreement of participating parties), in which case the receiving party shall immediately confirm receipt of such telecopied or e-mailed notice. All notices are effective upon receipt. For the purposes of such notices, the addresses for the parties are set forth in Section 19.2 below. In the event CITY is unable to give notice to HOLA at the address(es) provided to CITY by HOLA, notice shall be deemed effective when addressed to HOLA at the Premises. Either party may from time to time designate another person or place in a notice.

19.2 **Notices – Where Sent.** All notices given under this Lease which are mailed or telecopied shall be addressed (unless re-designated as provided above) to the respective parties as follows:

<u>To CITY or General Manager:</u>	City of Los Angeles Board of Recreation and Parks Commissioners 1200 W. 7th Street, 7th Floor Los Angeles, California 90017 Telecopier: (213) 928-9048
with a copy of any notice to	General Manager Department of Recreation and Parks 1200 W. 7th Street, 7th Floor Los Angeles, California 90017 Telecopier: (213) 928-9031

with a copy of any notice to

Office of the City Attorney
Real Property/Environment Division
700 City Hall East
200 North Main Street
Los Angeles, California 90012-4130
Telecopier: (213) 978-8090

To HOLA:

Chairman of the Board
HOLA Community Partners
2701 Wilshire Boulevard, Ste. 100
Los Angeles, California 90057
Telephone: (213) 389-1148

ARTICLE 20 STANDARD PROVISIONS FOR CITY CONTRACTS

The provisions of Exhibit E attached hereto are incorporated herein by reference as if fully restated herein.

ARTICLE 21 MISCELLANEOUS PROVISIONS

21.1 Amendment of Lease. No amendment, modification, supplement or mutual termination of any provision of this Lease shall in any event be effective unless the same shall be in writing and signed by CITY and HOLA.

21.2 Binding Effect. Subject to the provisions of this Lease relative to assignment (Section 17.1), this Lease shall be binding upon and inure to the benefit of the heirs, executors, administrators, transferees, successors and assigns of the respective parties hereto.

21.3 Captions, Table of Contents, and Index. The captions and table of contents of this Lease are inserted only as a matter of convenience and reference, and they in no way define, limit, or describe the scope of any provisions of this Lease, or the intent of any provision of this Lease, and shall not be used with respect to the interpretation of any provision of this Lease.

21.4 Conflict of Laws and Venue. This Lease shall be governed by and construed under the laws of the State of California. Venue on any action arising out of this Lease will be proper only in the County of Los Angeles, State of California.

21.5 Corporate Resolution. HOLA shall provide to CITY a current copy of its Corporate Resolution depicting the names and legal signatures of the officers of the corporation authorized to execute legal documents, including this Lease, on behalf of HOLA. Within thirty (30) days of any change in such names, HOLA shall provide to CITY the updated Corporate Resolution.

21.6 Counterparts. This Lease may be executed in one or more counterparts, each of which may be deemed an original, but all of which together shall constitute one and the same instrument.

21.7 **Force Majeure.** Whenever either party hereto shall be required by the provisions of this Lease or by law to perform any contract, act, work, construction, labor or services (excepting only the obligation to pay rent due hereunder), or to discharge any lien against the Premises, or to perform and comply with any laws, rules, orders, ordinances, regulations or zoning regulations, said party shall not be deemed to be in default herein and the other party shall not enforce or exercise any of its right under this Lease, if and so long as nonperformance or default herein shall be directly caused by strikes, nonavailability of materials, war or national defense preemptions, governmental restrictions, acts of God or other similar causes beyond the reasonable control of the nonperforming party; provided, however, that notwithstanding any of the provisions of the foregoing, the nonperforming party shall commence such performance and continue the same with diligence and continuity immediately after the removal of any of the causes hereinabove specified.

21.8 **Gender.** As used herein, the neuter gender includes the feminine and masculine, the masculine includes the feminine and the neuter and feminine includes the masculine and the neuter, and each includes corporations, limited liability companies, partnerships or other legal entities when the context so requires.

21.9 **No Prior Agreements.** This Lease contains all of the agreements of the parties hereto with respect to the matters covered hereby, and no prior agreements, oral or written, or understandings or representations of any nature whatsoever pertaining to any such matters shall be effective for any purpose unless expressly incorporated in the provisions of this Lease.

21.10 **No Relocation Assistance.** HOLA acknowledges that it is not entitled to relocation assistance or any other benefits under the California Relocation Assistance Act (Government Code section 7260, *et seq.*), the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (42 U.S.C.A. § 4601, *et seq.*), or any other provisions of law upon termination of this Lease.

21.11 **Quiet Enjoyment.** If HOLA is not in default as provided herein, HOLA shall and may peaceably and quietly have, hold, and enjoy the Premises with necessary ingress and egress in accordance with the provisions hereof.

21.12 **Severability.** If any provision of this Lease or the application thereof to any person or circumstance shall to any extent be invalid or unenforceable, the remainder of this Lease, or the application of such provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each provision of this Lease shall be valid and be enforced to the fullest extent permitted by law.

21.13 **Sole Discretion.** In those instances in this Lease where it is provided that CITY or the General Manager or other City of Los Angeles agency may approve a request in the exercise of "sole discretion" or words of like import, the parties expressly agree that CITY or the General Manager or other City of Los Angeles agency, as the case may be, has the absolute unfettered discretion to grant or withhold approval, either arbitrarily or otherwise, and with or without reason, and neither HOLA nor any other party or tribunal shall have any right or power to inquire into or review the granting or withholding of such approval or the reasons or lack of reasons therefor.

21.14 **Time.** Time is of the essence with respect to the performance or observance of each of the obligations, covenants and agreements under this Lease. Except where expressly stated to be “business days” or “working days,” the word “days” shall mean “calendar days.”

21.15 **Exhibits – Incorporation in Lease.** The following documents are attached and incorporated into and are fully enforceable as part of this Lease.

- Exhibit A Map and Legal Description
- Exhibit B Intentionally Deleted.
- Exhibit C Memorandum of Lease
- Exhibit D Form of Sublease Agreement
- Exhibit E Standard Provisions for City Contracts

In the event of a conflict between this Lease and the terms of the documents incorporated into this Lease, this Lease shall control.

[SIGNATURES FOLLOW ON NEXT PAGE]

IN WITNESS WHEREOF, the CITY OF LOS ANGELES, a municipal corporation, acting by and through its Board of Recreation and Park Commissioners, Landlord herein, and HOLA COMMUNITY PARTNERS, INC., a California public benefit corporation, Tenant herein, have caused this Lease to be executed as of the date of the attestation by the City Clerk.

APPROVED AS TO FORM AND LEGALITY:

By: _____
City Attorney

DATE: _____

ATTEST:

City Clerk

By: _____
Deputy

DATE: _____

CITY:

CITY OF LOS ANGELES, a municipal corporation, acting by and through its BOARD OF RECREATION AND PARK COMMISSIONERS:

By: _____
President

By: _____
Secretary

Date: _____

TENANT:

HOLA COMMUNITY PARTNERS, a California public non-profit corporation

By: _____
Chairperson

By: _____
Secretary

Date: _____

EXHIBIT "A"
MAP AND LEGAL DESCRIPTION

EXHIBIT "B"

INTENTIONALLY DELETED

EXHIBIT "C"

MEMORANDUM OF LEASE

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

CITY OF LOS ANGELES
DEPARTMENT OF GENERAL SERVICES
c/o Office of the City Attorney
_____, City Attorney
_____, Deputy City Attorney
Real Property/Environment Division
700 City Hall East
200 North Main Street
Los Angeles, California 90012

**Free recording in accordance with
California Government Code section 6103**

MEMORANDUM OF LEASE

THIS MEMORANDUM OF LEASE ("Memorandum") is made as of the date of attestation by the City Clerk of the City of Los Angeles of page 2 of this Memorandum, by and between the CITY OF LOS ANGELES, a municipal corporation, acting by and through its Board of Recreation and Parks Commissioners, as Landlord ("CITY") and the HOLA COMMUNITY PARTNERS, a California public benefit non-profit corporation ("HOLA"), with a principal mailing address at 2701 Wilshire Boulevard, Suite 100, Los Angeles, California 90057, as Tenant, who agree as follows:

1. **Term and Premises.** CITY leases to HOLA, and HOLA leases from CITY, the real property located in the City of Los Angeles, County of Los Angeles, State of California, described as:

commonly known as the Lafayette Park Area, for a term of Fifty (50) Years, commencing on or about the date of this Memorandum or the transfer of title for Lafayette Park from the State of California to the City of Los Angeles, whichever is later, on the provisions of the lease between the parties, which lease ("Lease") is dated on the same date as this Memorandum. These provisions are incorporated into this Memorandum by reference.

2. **Provisions Binding on HOLA.** The provisions of the Lease to be performed by HOLA, whether affirmative or negative in nature, are intended to and shall bind Tenant and its successors and assigns at any time, and shall inure to the benefit of City and its successors and assigns.

3. **Provisions Binding on CITY.** The provisions of the Lease to be performed by CITY, whether affirmative or negative in nature, are intended to and shall bind CITY and its successors and assigns at any time, and shall inure to the benefit of HOLA and its successors and assigns.

4. **Purpose of Memorandum.** This Memorandum is prepared for the purpose of recordation, and it in no way modifies the provisions of the Lease.

5. **Reference to Lease for All Purposes.** Reference is hereby made to the entire Lease for any and all purposes. A true copy of the Lease is on file with the City Clerk of the City of Los Angeles, whose office is Room 360, City Hall, 200 North Spring Street, Los Angeles, California 90012.

APPROVED AS TO FORM:

_____, City Attorney

By: SPECIMEN – DO NOT SIGN
City Attorney

DATE: _____

CITY:

CITY OF LOS ANGELES, a municipal corporation, acting by and through its BOARD OF RECREATION AND PARK COMMISSIONERS:

By: SPECIMEN – DO NOT SIGN
President

By: SPECIMEN – DO NOT SIGN
Secretary

DATE: _____

ATTEST:

_____, City Clerk

By: SPECIMEN – DO NOT SIGN
Deputy

DATE: _____

TENANT:

HOLA COMMUNITY PARTNERS, a California public non-profit corporation

By: SPECIMEN – DO NOT SIGN

By: SPECIMEN – DO NOT SIGN

DATE: _____

EXHIBIT "D"
FORM OF SUBLEASE AGREEMENT

EXHIBIT "E"

STANDARD PROVISIONS FOR CITY CONTRACTS

[Attached.]

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STANDARD PROVISIONS FOR CITY CONTRACTS**PSC-1. CONSTRUCTION OF PROVISIONS AND TITLES HEREIN**

All titles, subtitles, or headings in this Lease have been inserted for convenience, and shall not be deemed to affect the meaning or construction of any of the terms or provisions hereof. The language of this Lease shall be construed according to its fair meaning and not strictly for or against the **CITY** or **CONTRACTOR**. The word "**CONTRACTOR**" herein in this means HOLA. The singular shall include the plural; if there is more than one **CONTRACTOR** herein, unless expressly stated otherwise, their obligations and liabilities hereunder shall be joint and several. Use of the feminine, masculine, or neuter genders shall be deemed to include the genders not used.

PSC-2. NUMBER OF ORIGINALS

The number of original texts of this Lease shall be equal to the number of the parties hereto, one text being retained by each party. At the **CITY'S** option, one or more additional original texts of this Lease may also be retained by the City.

PSC-3. APPLICABLE LAW, INTERPRETATION AND ENFORCEMENT

Each party's performance hereunder shall comply with all applicable laws of the United States of America, the State of California, and the **CITY**, including but not limited to, laws regarding health and safety, labor and employment, wage and hours and licensing laws which affect employees. This Lease shall be enforced and interpreted under the laws of the State of California without regard to conflict of law principles. **CONTRACTOR** shall comply with new, amended, or revised laws, regulations, and/or procedures that apply to the performance of this Lease.

In any action arising out of this Lease, **CONTRACTOR** consents to personal jurisdiction, and agrees to bring all such actions, exclusively in state or federal courts located in Los Angeles County, California.

If any part, term or provision of this Lease is held void, illegal, unenforceable, or in conflict with any law of a federal, state or local government having jurisdiction over this Lease, the validity of the remaining parts, terms or provisions of the Lease shall not be affected thereby.

PSC-4. TIME OF EFFECTIVENESS

Unless otherwise provided, this Lease shall take effect when all of the following events have occurred:

- A. This Lease has been signed on behalf of **CONTRACTOR** by the person or persons authorized to bind **CONTRACTOR** hereto;
- B. This Lease has been approved by the City Council or by the board, officer or employee authorized to give such approval;
- C. The Office of the City Attorney has indicated in writing its approval of this Lease as to form; and
- D. This Lease has been signed on behalf of the **CITY** by the person designated by the City Council, or by the board, officer or employee authorized to enter into this Lease.

PSC-5. INTEGRATED CONTRACT

This Lease sets forth all of the rights and duties of the parties with respect to the subject matter hereof, and replaces any and all previous agreements or understandings, whether written or oral, relating thereto. This Lease may be amended only as provided for in paragraph PSC-6 hereof.

PSC-6. AMENDMENT

All amendments to this Lease shall be in writing and signed and approved pursuant to the provisions of PSC-4.

PSC-7. EXCUSABLE DELAYS

In the event that performance on the part of any party hereto is delayed or suspended as a result of circumstances beyond the reasonable control and without the fault and negligence of said party, none of the parties shall incur any liability to the other parties as a result of such delay or suspension. Circumstances deemed to be beyond the control of the parties hereunder include, but are not limited to, acts of God or of the public enemy; insurrection; acts of the Federal Government or any unit of State or Local Government in either sovereign or contractual capacity; fires; floods; earthquakes; epidemics; quarantine restrictions; strikes; freight embargoes or delays in transportation, to the extent that they are not caused by the party's willful or negligent acts or omissions, and to the extent that they are beyond the party's reasonable control.

PSC-8. BREACH

Except for excusable delays as described in PSC-7, if any party fails to perform, in whole or in part, any promise, covenant, or agreement set forth herein, or should any representation made by it be untrue, any aggrieved party may avail itself of all rights

and remedies, at law or equity, in the courts of law. Said rights and remedies are cumulative of those provided for herein except that in no event shall any party recover more than once, suffer a penalty or forfeiture, or be unjustly compensated.

PSC-9. WAIVER

A waiver of a default of any part, term or provision of this Lease shall not be construed as a waiver of any succeeding default or as a waiver of the part, term or provision itself. A party's performance after the other party's default shall not be construed as a waiver of that default.

PSC-10. INTENTIONALLY DELETED

PSC-11. INDEPENDENT CONTRACTOR

CONTRACTOR is acting hereunder as an independent contractor and not as an agent or employee of the **CITY**. **CONTRACTOR** shall not represent or otherwise hold out itself or any of its directors, officers, partners, employees, or agents to be an agent or employee of the **CITY**.

PSC-12. CONTRACTOR'S PERSONNEL

Unless otherwise provided or approved by the **CITY**, **CONTRACTOR** shall use its own employees to perform the services described in this Contract. The **CITY** shall have the right to review and approve any personnel who are assigned to work under this Contract. **CONTRACTOR** agrees to remove personnel from performing work under this Lease if requested to do so by the **CITY**.

CONTRACTOR shall not use subcontractors to assist in performance of this Lease without the prior written approval of the **CITY**. If the **CITY** permits the use of subcontractors **CONTRACTOR** shall remain responsible for performing all aspects of this Contract. The **CITY** has the right to approve **CONTRACTOR'S** subcontractors, and the **CITY** reserves the right to request replacement of subcontractors. The **CITY** does not have any obligation to pay **CONTRACTOR'S** subcontractors, and nothing herein creates any privity between the **CITY** and the subcontractors.

PSC-13. PROHIBITION AGAINST ASSIGNMENT OR DELEGATION

CONTRACTOR may not, unless it has first obtained the written permission of the **CITY**:

- A. Assign or otherwise alienate any of its rights under this Lease, including the right to payment; or
- B. Delegate, subcontract, or otherwise transfer any of its duties under this Lease.

PSC-14. PERMITS

CONTRACTOR and its directors, officers, partners, agents, employees, and subcontractors, to the extent allowed hereunder, shall obtain and maintain all licenses, permits, certifications and other documents necessary for **CONTRACTOR'S** performance hereunder and shall pay any fees required therefor. **CONTRACTOR** certifies to promptly notify the **CITY** of any suspension, termination, lapses, non-renewals, or restrictions of licenses, permits, certificates, or other documents.

PSC-15. CLAIMS FOR LABOR AND MATERIALS

CONTRACTOR shall promptly pay when due all amounts payable for labor and materials furnished in the performance of this Lease so as to prevent any lien or other claim under any provision of law from arising against any **CITY** property (including reports, documents, and other tangible or intangible matter produced by **CONTRACTOR** hereunder), against **CONTRACTOR'S** rights to payments hereunder, or against the **CITY**, and shall pay all amounts due under the Unemployment Insurance Act with respect to such labor.

PSC-16. CURRENT LOS ANGELES CITY BUSINESS TAX REGISTRATION CERTIFICATE REQUIRED

If applicable, **CONTRACTOR** represents that it has obtained and presently holds the Business Tax Registration Certificate(s) required by the **CITY'S** Business Tax Ordinance, Section 21.00 *et seq.* of the Los Angeles Municipal Code. For the term covered by this Contract, **CONTRACTOR** shall maintain, or obtain as necessary, all such Certificates required of it under the Business Tax Ordinance, and shall not allow any such Certificate to be revoked or suspended.

PSC-17. RETENTION OF RECORDS, AUDIT AND REPORTS

CONTRACTOR shall maintain all records, including records of financial transactions, pertaining to the performance of this Lease, in their original form, in accordance with requirements prescribed by the **CITY**. These records shall be retained for a period of no less than three years following final payment made by the **CITY** hereunder or the expiration date of this Lease, whichever occurs last. Said records shall be subject to examination and audit by authorized **CITY** personnel or by the **CITY'S** representative at any time during the term of this Lease or within the three years following final payment made by the **CITY** hereunder or the expiration date of this Contract, whichever occurs last. **CONTRACTOR** shall provide any reports requested by the **CITY** regarding performance of this Lease. Any subcontract entered into by **CONTRACTOR**, to the extent allowed hereunder, shall include a like provision for work to be performed under this Lease.

PSC-18. FALSE CLAIMS ACT

CONTRACTOR acknowledges that it is aware of liabilities resulting from submitting a false claim for payment by the **CITY** under the False Claims Act (Cal. Gov. Code §§ 12650 *et seq.*), including treble damages, costs of legal actions to recover payments, and civil penalties of up to \$10,000 per false claim.

PSC-19. BONDS

All bonds which may be required hereunder shall conform to **CITY** requirements established by Charter, ordinance or policy, and shall be filed with the Office of the City Administrative Officer, Risk Management for its review and acceptance in accordance with Sections 11.47 through 11.56 of the Los Angeles Administrative Code.

PSC-20. INTENTIONALLY DELETED**PSC-21. INTENTIONALLY DELETED****PSC-22. INTELLECTUAL PROPERTY WARRANTY**

CONTRACTOR represents and warrants that its performance of all obligations under this Lease does not infringe in any way, directly or contributorily, upon any third party's intellectual property rights, including, without limitation, patents, copyrights, trademarks, trade secrets, rights of publicity and proprietary information.

PSC-23. INTENTIONALLY DELETED**PSC-24. INSURANCE**

During the term of this Lease and without limiting **CONTRACTOR'S** indemnification of the **CITY**, **CONTRACTOR** shall provide and maintain at its own expense a program of insurance having the coverages and limits customarily carried and actually arranged by **CONTRACTOR**, but not less than the amounts and types listed on the Required Insurance and Minimum Limits sheet (Form General 146 in Attachment 1 hereto), covering its operations hereunder. Such insurance shall conform to **CITY** requirements established by Charter, ordinance or policy, shall comply with the Insurance Contractual Requirements (Form General 133 in Exhibit 1 hereto) and shall otherwise be in a form acceptable to the Office of the City Administrative Officer, Risk Management. **CONTRACTOR** shall comply with all Insurance Contractual Requirements shown on Exhibit 1 hereto. Exhibit 1 is hereby incorporated by reference and made a part of this Contract.

PSC-25. DISCOUNT TERMS

CONTRACTOR agrees to offer the **CITY** any discount terms that are offered to its best customers for the goods and services to be provided hereunder and apply such discount to payments made under this Lease which meet the discount terms.

PSC-26. WARRANTY AND RESPONSIBILITY OF CONTRACTOR

CONTRACTOR warrants that the work performed hereunder shall be completed in a manner consistent with professional standards practiced among those firms within **CONTRACTOR'S** profession, doing the same or similar work under the same or similar circumstances.

PSC-27. NON-DISCRIMINATION

Unless otherwise exempt, this Lease is subject to the non-discrimination provisions in Sections 10.8 through 10.8.2 of the Los Angeles Administrative Code, as amended from time to time. The **CONTRACTOR** shall comply with the applicable non-discrimination and affirmative action provisions of the laws of the United States of America, the State of California and the **CITY**. In performing this Lease **CONTRACTOR** shall not discriminate in its employment practices against any employee or applicant for employment because of such person's race, religion, national origin, ancestry, sex, sexual orientation, age, disability, domestic partner status, marital status or medical condition. Any subcontract entered into by **CONTRACTOR**, to the extent allowed hereunder, shall include a like provision for work to be performed under this Contract.

Failure of **CONTRACTOR** to comply with this requirement or to obtain the compliance of its subcontractors with such obligations shall subject **CONTRACTOR** to the imposition of any and all sanctions allowed by law, including but not limited to termination of **CONTRACTOR'S** contract with the **CITY**.

PSC-28. EQUAL EMPLOYMENT PRACTICES

Unless otherwise exempt, this Lease is subject to the equal employment practices provisions in Section 10.8.3 of the Los Angeles Administrative Code, as amended from time to time.

- A. During the performance of this Lease, **CONTRACTOR** agrees and represents that it will provide equal employment practices and **CONTRACTOR** and each subcontractor hereunder will ensure that in his or her employment practices persons are employed and employees are treated equally and without regard to or because of race, religion, ancestry, national origin, sex, sexual orientation, age, disability, marital status or medical condition.
1. This provision applies to work or service performed or materials manufactured or assembled in the United States.
 2. Nothing in this section shall require or prohibit the establishment of new classifications of employees in any given craft, work or service category.
 3. **CONTRACTOR** agrees to post a copy of Paragraph A hereof in conspicuous places at its place of business available to employees and applicants for employment.
- B. **CONTRACTOR** will, in all solicitations or advertisements for employees placed by or on behalf of **CONTRACTOR**, state that all qualified applicants will receive consideration for employment without regard to their race, religion, ancestry, national origin, sex, sexual orientation, age, disability, marital status or medical condition.

- C. As part of the **CITY'S** supplier registration process, and/or at the request of the awarding authority, or the Board of Public Works, Office of Contract Compliance, **CONTRACTOR** shall certify in the specified format that he or she has not discriminated in the performance of **CITY** contracts against any employee or applicant for employment on the basis or because of race, religion, national origin, ancestry, sex, sexual orientation, age, disability, marital status or medical condition.
- D. **CONTRACTOR** shall permit access to and may be required to provide certified copies of all of his or her records pertaining to employment and to employment practices by the awarding authority or the Office of Contract Compliance for the purpose of investigation to ascertain compliance with the Equal Employment Practices provisions of **CITY** contracts. On their or either of their request **CONTRACTOR** shall provide evidence that he or she has or will comply therewith.
- E. The failure of any **CONTRACTOR** to comply with the Equal Employment Practices provisions of this Lease may be deemed to be a material breach of **CITY** contracts. Such failure shall only be established upon a finding to that effect by the awarding authority, on the basis of its own investigation or that of the Board of Public Works, Office of Contract Compliance. No such finding shall be made or penalties assessed except upon a full and fair hearing after notice and an opportunity to be heard has been given to **CONTRACTOR**.
- F. Upon a finding duly made that **CONTRACTOR** has failed to comply with the Equal Employment Practices provisions of a **CITY** contract, the Lease may be forthwith canceled, terminated or suspended, in whole or in part, by the awarding authority, and all monies due or to become due hereunder may be forwarded to and retained by the **CITY**. In addition thereto, such failure to comply may be the basis for a determination by the awarding authority or the Board of Public Works that the **CONTRACTOR** is an irresponsible bidder or proposer pursuant to the provisions of Section 371 of the Charter of the City of Los Angeles. In the event of such a determination, **CONTRACTOR** shall be disqualified from being awarded a contract with the **CITY** for a period of two years; or until **CONTRACTOR** shall establish and carry out a program in conformance with the provisions hereof.
- G. Notwithstanding any other provision of this Lease, the **CITY** shall have any and all other remedies at law or in equity for any breach hereof.
- H. Intentionally blank.
- I. Nothing contained in this Lease shall be construed in any manner so as to require or permit any act which is prohibited by law.

- J. At the time a supplier registers to do business with the **CITY**, or when an individual bid or proposal is submitted, **CONTRACTOR** shall agree to adhere to the Equal Employment Practices specified herein during the performance or conduct of **CITY** Contracts.
- K. Equal Employment Practices shall, without limitation as to the subject or nature of employment activity, be concerned with such employment practices as:
 1. Hiring practices;
 2. Apprenticeships where such approved programs are functioning, and other on-the-job training for non-apprenticeable occupations;
 3. Training and promotional opportunities; and
 4. Reasonable accommodations for persons with disabilities.
- L. Any subcontract entered into by **CONTRACTOR**, to the extent allowed hereunder, shall include a like provision for work to be performed under this Lease. Failure of **CONTRACTOR** to comply with this requirement or to obtain the compliance of its subcontractors with all such obligations shall subject **CONTRACTOR** to the imposition of any and all sanctions allowed by law, including but not limited to termination of the **CONTRACTOR'S** Lease with the **CITY**.

PSC-29. AFFIRMATIVE ACTION PROGRAM

Unless otherwise exempt, this Lease is subject to the affirmative action program provisions in Section 10.8.4 of the Los Angeles Administrative Code, as amended from time to time.

- A. During the performance of a **CITY** contract, **CONTRACTOR** certifies and represents that **CONTRACTOR** and each subcontractor hereunder will adhere to an affirmative action program to ensure that in its employment practices, persons are employed and employees are treated equally and without regard to or because of race, religion, ancestry, national origin, sex, sexual orientation, age, disability, marital status or medical condition.
 1. This provision applies to work or services performed or materials manufactured or assembled in the United States.
 2. Nothing in this section shall require or prohibit the establishment of new classifications of employees in any given craft, work or service category.

3. **CONTRACTOR** shall post a copy of Paragraph A hereof in conspicuous places at its place of business available to employees and applicants for employment.
- B. **CONTRACTOR** will, in all solicitations or advertisements for employees placed by or on behalf of **CONTRACTOR**, state that all qualified applicants will receive consideration for employment without regard to their race, religion, ancestry, national origin, sex, sexual orientation, age, disability, marital status or medical condition.
- C. As part of the **CITY'S** supplier registration process, and/or at the request of the awarding authority or the Office of Contract Compliance, **CONTRACTOR** shall certify on an electronic or hard copy form to be supplied, that **CONTRACTOR** has not discriminated in the performance of **CITY** contracts against any employee or applicant for employment on the basis or because of race, religion, ancestry, national origin, sex, sexual orientation, age, disability, marital status or medical condition.
- D. **CONTRACTOR** shall permit access to and may be required to provide certified copies of all of its records pertaining to employment and to its employment practices by the awarding authority or the Office of Contract Compliance, for the purpose of investigation to ascertain compliance with the Affirmative Action Program provisions of **CITY** contracts, and on their or either of their request to provide evidence that it has or will comply therewith.
- E. The failure of any **CONTRACTOR** to comply with the Affirmative Action Program provisions of **CITY** contracts may be deemed to be a material breach of contract. Such failure shall only be established upon a finding to that effect by the awarding authority, on the basis of its own investigation or that of the Board of Public Works, Office of Contract Compliance. No such finding shall be made except upon a full and fair hearing after notice and an opportunity to be heard has been given to **CONTRACTOR**.
- F. Upon a finding duly made that **CONTRACTOR** has breached the Affirmative Action Program provisions of a **CITY** contract, the Lease may be forthwith cancelled, terminated or suspended, in whole or in part, by the awarding authority, and all monies due or to become due hereunder may be forwarded to and retained by the **CITY**. In addition thereto, such breach may be the basis for a determination by the awarding authority or the Board of Public Works that the said **CONTRACTOR** is an irresponsible bidder or proposer pursuant to the provisions of Section 371 of the Los Angeles City Charter. In the event of such determination, such **CONTRACTOR** shall be disqualified from being awarded a contract with the **CITY** for a period of two years, or until he or she shall establish and carry out a program in conformance with the provisions hereof.

- G. In the event of a finding by the Fair Employment and Housing Commission of the State of California, or the Board of Public Works of the City of Los Angeles, or any court of competent jurisdiction, that **CONTRACTOR** has been guilty of a willful violation of the California Fair Employment and Housing Act, or the Affirmative Action Program provisions of a **CITY** contract, there may be deducted from the amount payable to **CONTRACTOR** by the **CITY** under the contract, a penalty of ten dollars (\$10.00) for each person for each calendar day on which such person was discriminated against in violation of the provisions of a **CITY** contract.
- H. Notwithstanding any other provisions of a **CITY** contract, the **CITY** shall have any and all other remedies at law or in equity for any breach hereof.
- I. Intentionally blank.
- J. Nothing contained in **CITY** contracts shall be construed in any manner so as to require or permit any act which is prohibited by law.
- K. **CONTRACTOR** shall submit an Affirmative Action Plan which shall meet the requirements of this chapter at the time it submits its bid or proposal or at the time it registers to do business with the **CITY**. The plan shall be subject to approval by the Office of Contract Compliance prior to award of the contract. The awarding authority may also require contractors and suppliers to take part in a pre-registration, pre-bid, pre-proposal, or pre-award conference in order to develop, improve or implement a qualifying Affirmative Action Plan. Affirmative Action Programs developed pursuant to this section shall be effective for a period of twelve months from the date of approval by the Office of Contract Compliance. In case of prior submission of a plan, **CONTRACTOR** may submit documentation that it has an Affirmative Action Plan approved by the Office of Contract Compliance within the previous twelve months. If the approval is 30 days or less from expiration, **CONTRACTOR** must submit a new Plan to the Office of Contract Compliance and that Plan must be approved before the Lease is awarded.
1. Every contract of \$5,000 or more which may provide construction, demolition, renovation, conservation or major maintenance of any kind shall in addition comply with the requirements of Section 10.13 of the Los Angeles Administrative Code.
 2. **CONTRACTOR** may establish and adopt as its own Affirmative Action Plan, by affixing his or her signature thereto, an Affirmative Action Plan prepared and furnished by the Office of Contract Compliance, or it may prepare and submit its own Plan for approval.

- L. The Office of Contract Compliance shall annually supply the awarding authorities of the **CITY** with a list of contractors and suppliers who have developed Affirmative Action Programs. For each contractor and supplier the Office of Contract Compliance shall state the date the approval expires. The Office of Contract Compliance shall not withdraw its approval for any Affirmative Action Plan or change the Affirmative Action Plan after the date of contract award for the entire contract term without the mutual agreement of the awarding authority and **CONTRACTOR**.
- M. The Affirmative Action Plan required to be submitted hereunder and the pre-registration, pre-bid, pre-proposal or pre-award conference which may be required by the Board of Public Works, Office of Contract Compliance or the awarding authority shall, without limitation as to the subject or nature of employment activity, be concerned with such employment practices as:
1. Apprenticeship where approved programs are functioning, and other on-the-job training for non-apprenticeable occupations;
 2. Classroom preparation for the job when not apprenticeable;
 3. Pre-apprenticeship education and preparation;
 4. Upgrading training and opportunities;
 5. Encouraging the use of contractors, subcontractors and suppliers of all racial and ethnic groups, provided, however, that any contract subject to this ordinance shall require the contractor, subcontractor or supplier to provide not less than the prevailing wage, working conditions and practices generally observed in private industries in the contractor's, subcontractor's or supplier's geographical area for such work;
 6. The entry of qualified women, minority and all other journeymen into the industry; and
 7. The provision of needed supplies or job conditions to permit persons with disabilities to be employed, and minimize the impact of any disability.
- N. Any adjustments which may be made in the contractor's or supplier's workforce to achieve the requirements of the **CITY'S** Affirmative Action Contract Compliance Program in purchasing and construction shall be accomplished by either an increase in the size of the workforce or replacement of those employees who leave the workforce by reason of resignation, retirement or death and not by termination, layoff, demotion or change in grade.

- O. Affirmative Action Agreements resulting from the proposed Affirmative Action Plan or the pre-registration, pre-bid, pre-proposal or pre-award conferences shall not be confidential and may be publicized by the contractor at his or her discretion. Approved Affirmative Action Agreements become the property of the **CITY** and may be used at the discretion of the **CITY** in its Contract Compliance Affirmative Action Program.
- P. Intentionally blank.
- Q. All contractors subject to the provisions of this section shall include a like provision in all subcontracts awarded for work to be performed under the Lease with the **CITY** and shall impose the same obligations, including but not limited to filing and reporting obligations, on the subcontractors as are applicable to the contractor. Failure of the contractor to comply with this requirement or to obtain the compliance of its subcontractors with all such obligations shall subject the contractor to the imposition of any and all sanctions allowed by law, including but not limited to termination of the contractor's contract with the **CITY**.

PSC-30. CHILD SUPPORT ASSIGNMENT ORDERS

This Lease is subject to the Child Support Assignment Orders Ordinance, Section 10.10 of the Los Angeles Administrative Code, as amended from time to time. Pursuant to the Child Support Assignment Orders Ordinance, **CONTRACTOR** will fully comply with all applicable State and Federal employment reporting requirements for **CONTRACTOR'S** employees. **CONTRACTOR** shall also certify (1) that the Principal Owner(s) of **CONTRACTOR** are in compliance with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally; (2) that **CONTRACTOR** will fully comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignment in accordance with Section 5230, *et seq.* of the California Family Code; and (3) that **CONTRACTOR** will maintain such compliance throughout the term of this Lease.

Pursuant to Section 10.10(b) of the Los Angeles Administrative Code, the failure of **CONTRACTOR** to comply with all applicable reporting requirements or to implement lawfully served Wage and Earnings Assignment Orders or Notices of Assignment, or the failure of any Principal Owner(s) of **CONTRACTOR** to comply with any Wage and Earnings Assignment Orders or Notices of Assignment applicable to them personally, shall constitute a default by the **CONTRACTOR** under this Contract, subjecting this Lease to termination if such default shall continue for more than ninety (90) days after notice of such default to **CONTRACTOR** by the **CITY**.

Any subcontract entered into by **CONTRACTOR**, to the extent allowed hereunder, shall include a like provision for work to be performed under this Contract. Failure of **CONTRACTOR** to obtain compliance of its subcontractors shall constitute a default by **CONTRACTOR** under this Contract, subjecting this Lease to termination where such

default shall continue for more than ninety (90) days after notice of such default to **CONTRACTOR** by the **CITY**.

CONTRACTOR certifies that, to the best of its knowledge, it is fully complying with the Earnings Assignment Orders of all employees, and is providing the names of all new employees to the New Hire Registry maintained by the Employment Development Department as set forth in Section 7110(b) of the California Public Contract Code.

PSC-31. LIVING WAGE ORDINANCE AND SERVICE CONTRACTOR WORKER RETENTION ORDINANCE

- A. Unless otherwise exempt, this Lease is subject to the applicable provisions of the Living Wage Ordinance (LWO), Section 10.37 *et seq.* of the Los Angeles Administrative Code, as amended from time to time, and the Service Contractor Worker Retention Ordinance (SCWRO), Section 10.36 *et seq.*, of the Los Angeles Administrative Code, as amended from time to time. These Ordinances require the following:
1. **CONTRACTOR** assures payment of a minimum initial wage rate to employees as defined in the LWO and as may be adjusted each July 1 and provision of compensated and uncompensated days off and health benefits, as defined in the LWO.
 2. **CONTRACTOR** further pledges that it will comply with federal law proscribing retaliation for union organizing and will not retaliate for activities related to the LWO. **CONTRACTOR** shall require each of its subcontractors within the meaning of the LWO to pledge to comply with the terms of federal law proscribing retaliation for union organizing. **CONTRACTOR** shall deliver the executed pledges from each such subcontractor to the **CITY** within ninety (90) days of the execution of the subcontract. **CONTRACTOR'S** delivery of executed pledges from each such subcontractor shall fully discharge the obligation of **CONTRACTOR** with respect to such pledges and fully discharge the obligation of **CONTRACTOR** to comply with the provision in the LWO contained in Section 10.37.6(c) concerning compliance with such federal law.
 3. **CONTRACTOR**, whether an employer, as defined in the LWO, or any other person employing individuals, shall not discharge, reduce in compensation, or otherwise discriminate against any employee for complaining to the **CITY** with regard to the employer's compliance or anticipated compliance with the LWO, for opposing any practice proscribed by the LWO, for participating in proceedings related to the LWO, for seeking to enforce his or her rights under the LWO by any lawful means, or otherwise asserting rights under the LWO. **CONTRACTOR** shall post the Notice of Prohibition Against Retaliation provided by the **CITY**.

4. **Any** subcontract entered into by **CONTRACTOR** relating to this Contract, to the extent allowed hereunder, shall be subject to the provisions of PSC-31 and shall incorporate the provisions of the LWO and the SCWRO.
 5. **CONTRACTOR** shall comply with all rules, regulations and policies promulgated by the **CITY'S** Designated Administrative Agency which may be amended from time to time.
- B. Under the provisions of Sections 10.36.3(c) and 10.37.6(c) of the Los Angeles Administrative Code, the **CITY** shall have the authority, under appropriate circumstances, to terminate this Lease and otherwise pursue legal remedies that may be available if the **CITY** determines that the subject **CONTRACTOR** has violated provisions of either the LWO or the SCWRO, or both.
 - C. Where under the LWO Section 10.37.6(d), the **CITY'S** Designated Administrative Agency has determined (a) that **CONTRACTOR** is in violation of the LWO in having failed to pay some or all of the living wage, and (b) that such violation has gone uncured, the **CITY** in such circumstances may impound monies otherwise due **CONTRACTOR** in accordance with the following procedures. Impoundment shall mean that from monies due **CONTRACTOR**, **CITY** may deduct the amount determined to be due and owing by **CONTRACTOR** to its employees. Such monies shall be placed in the holding account referred to in LWO Section 10.37.6(d)(3) and disposed of under procedures described therein through final and binding arbitration. Whether **CONTRACTOR** is to continue work following an impoundment shall remain in the sole discretion of the **CITY**. **CONTRACTOR** may not elect to discontinue work either because there has been an impoundment or because of the ultimate disposition of the impoundment by the arbitrator.
 - D. **CONTRACTOR** shall inform employees making less than Twelve Dollars (\$12.00) per hour of their possible right to the federal Earned Income Credit (EIC). **CONTRACTOR** shall also make available to employees the forms informing them about the EIC and forms required to secure advance EIC payments from **CONTRACTOR**.

PSC-32. AMERICANS WITH DISABILITIES ACT

CONTRACTOR hereby certifies that it will comply with the Americans with Disabilities Act, 42 U.S.C. §§ 12101 *et seq.*, and its implementing regulations. **CONTRACTOR** will provide reasonable accommodations to allow qualified individuals with disabilities to have access to and to participate in its programs, services and activities in accordance with the provisions of the Americans with Disabilities Act. **CONTRACTOR** will not discriminate against persons with disabilities nor against persons due to their relationship to or association with a person with a disability. Any subcontract entered

into by **CONTRACTOR**, relating to this Lease, to the extent allowed hereunder, shall be subject to the provisions of this paragraph.

PSC-33. CONTRACTOR RESPONSIBILITY ORDINANCE

Unless otherwise exempt, this Lease is subject to the provisions of the Contractor Responsibility Ordinance, Section 10.40 *et seq.*, of the Los Angeles Administrative Code, as amended from time to time, which requires **CONTRACTOR** to update its responses to the responsibility questionnaire within thirty calendar days after any change to the responses previously provided if such change would affect **CONTRACTOR'S** fitness and ability to continue performing this Contract.

In accordance with the provisions of the Contractor Responsibility Ordinance, by signing this Contract, **CONTRACTOR** pledges, under penalty of perjury, to comply with all applicable federal, state and local laws in the performance of this Lease, including but not limited to, laws regarding health and safety, labor and employment, wages and hours, and licensing laws which affect employees. **CONTRACTOR** further agrees to: (1) notify the **CITY** within thirty calendar days after receiving notification that any government agency has initiated an investigation which may result in a finding that **CONTRACTOR** is not in compliance with all applicable federal, state and local laws in performance of this Lease; (2) notify the **CITY** within thirty calendar days of all findings by a government agency or court of competent jurisdiction that **CONTRACTOR** has violated the provisions of Section 10.40.3(a) of the Contractor Responsibility Ordinance; (3) unless exempt, ensure that its subcontractor(s), as defined in the Contractor Responsibility Ordinance, submit a Pledge of Compliance to the **CITY**; and (4) unless exempt, ensure that its subcontractor(s), as defined in the Contractor Responsibility Ordinance, comply with the requirements of the Pledge of Compliance and the requirement to notify the **CITY** within thirty calendar days after any government agency or court of competent jurisdiction has initiated an investigation or has found that the subcontractor has violated Section 10.40.3(a) of the Contractor Responsibility Ordinance in performance of the subcontract.

PSC-34. MINORITY, WOMEN, AND OTHER BUSINESS ENTERPRISE OUTREACH PROGRAM

CONTRACTOR agrees and obligates itself to utilize the services of Minority, Women and Other Business Enterprise firms on a level so designated in its proposal, if any. **CONTRACTOR** certifies that it has complied with Mayoral Directive 2001-26 regarding the Outreach Program for Personal Services Contracts Greater than \$100,000, if applicable. **CONTRACTOR** shall not change any of these designated subcontractors, nor shall **CONTRACTOR** reduce their level of effort, without prior written approval of the **CITY**, provided that such approval shall not be unreasonably withheld.

PSC-35. EQUAL BENEFITS ORDINANCE

Unless otherwise exempt, this Lease is subject to the provisions of the Equal Benefits Ordinance (EBO), Section 10.8.2.1 of the Los Angeles Administrative Code, as amended from time to time.

- A. During the performance of the Contract, **CONTRACTOR** certifies and represents that **CONTRACTOR** will comply with the EBO.
- B. The failure of **CONTRACTOR** to comply with the EBO will be deemed to be a material breach of this Lease by the **CITY**.
- C. If **CONTRACTOR** fails to comply with the EBO the **CITY** may cancel, terminate or suspend this Contract, in whole or in part, and all monies due or to become due under this Lease may be retained by the **CITY**. The **CITY** may also pursue any and all other remedies at law or in equity for any breach.
- D. Failure to comply with the EBO may be used as evidence against **CONTRACTOR** in actions taken pursuant to the provisions of Los Angeles Administrative Code Section 10.40 *et seq.*, Contractor Responsibility Ordinance.
- E. If the **CITY'S** Designated Administrative Agency determines that a **CONTRACTOR** has set up or used its contracting entity for the purpose of evading the intent of the EBO, the **CITY** may terminate the Contract. Violation of this provision may be used as evidence against **CONTRACTOR** in actions taken pursuant to the provisions of Los Angeles Administrative Code Section 10.40 *et seq.*, Contractor Responsibility Ordinance.

CONTRACTOR shall post the following statement in conspicuous places at its place of business available to employees and applicants for employment:

“During the performance of a Contract with the City of Los Angeles, the Contractor will provide equal benefits to its employees with spouses and its employees with domestic partners. Additional information about the City of Los Angeles’ Equal Benefits Ordinance may be obtained from the Department of Public Works, Office of Contract Compliance at (213) 847-1922.”

PSC-36. SLAVERY DISCLOSURE ORDINANCE

Unless otherwise exempt, this Lease is subject to the Slavery Disclosure Ordinance, Section 10.41 of the Los Angeles Administrative Code, as amended from time to time. **CONTRACTOR** certifies that it has complied with the applicable provisions of the Slavery Disclosure Ordinance. Failure to fully and accurately complete the affidavit may result in termination of this Lease.

EXHIBIT 1**INSURANCE CONTRACTUAL REQUIREMENTS**

CONTACT For additional information about compliance with City Insurance and Bond requirements, contact the Office of the City Administrative Officer, Risk Management at (213) 978-RISK (7475) or go online at www.lacity.org/cao/risk. The City approved Bond Assistance Program is available for those contractors who are unable to obtain the City-required performance bonds. A City approved insurance program may be available as a low cost alternative for contractors who are unable to obtain City-required insurance.

CONTRACTUAL REQUIREMENTS**CONTRACTOR AGREES THAT:**

1. Additional Insured/Loss Payee. The CITY must be included as an Additional Insured in applicable liability policies to cover the CITY'S liability arising out of the acts or omissions of the named insured. The CITY is to be named as an Additional Named Insured and a Loss Payee As Its Interests May Appear in property insurance in which the CITY has an interest, e.g., as a lien holder.

2. Notice of Cancellation. All required insurance will be maintained in full force for the duration of its business with the CITY. By ordinance, all required insurance must provide at least thirty (30) days' prior written notice (ten (10) days for non-payment of premium) directly to the CITY if your insurance company elects to cancel or materially reduce coverage or limits prior to the policy expiration date, for any reason except impairment of an aggregate limit due to prior claims.

3. Primary Coverage. CONTRACTOR will provide coverage that is primary with respect to any insurance or self-insurance of the CITY. The CITY'S program shall be excess of this insurance and non-contributing.

4. Modification of Coverage. The CITY reserves the right at any time during the term of this Lease to change the amounts and types of insurance required hereunder by giving CONTRACTOR ninety (90) days' advance written notice of such change. If such change should result in substantial additional cost to CONTRACTOR, the CITY agrees to negotiate additional compensation proportional to the increased benefit to the CITY.

5. Failure to Procure Insurance. All required insurance must be submitted and approved by the Office of the City Administrative Officer, Risk Management prior to the inception of any operations by CONTRACTOR.

CONTRACTOR'S failure to procure or maintain required insurance or a self-insurance program during the entire term of this Lease shall constitute a material breach of this Lease under which the CITY may immediately suspend or terminate this Lease or, at its discretion, procure or renew such insurance to protect the CITY'S interests and pay any and all premiums in connection therewith and recover all monies so paid from CONTRACTOR.

6. Workers' Compensation. By signing this Contract, CONTRACTOR hereby certifies that it is aware of the provisions of Section 3700 *et seq.*, of the California Labor Code which require every employer to be insured against liability for Workers' Compensation or to undertake self-insurance in accordance with the provisions of that Code, and that it will comply with such provisions at all time during the performance of the work pursuant to this Contract.

7. California Licensee. All insurance must be provided by an insurer admitted to do business in California or written through a California-licensed surplus lines broker or through an insurer otherwise acceptable to the CITY. Non-admitted coverage must contain a **Service of Suit** clause in which the underwriters agree to submit as necessary to the jurisdiction of a California court in the event of a coverage dispute. Service of process for this purpose must be allowed upon an agent in California designated by the insurer or upon the California Insurance Commissioner.

8. Aggregate Limits/Impairment. If any of the required insurance coverages contain annual aggregate limits, CONTRACTOR must give the CITY written notice of any pending claim or lawsuit which will materially diminish the aggregate within thirty (30) days of knowledge of same. You must take appropriate steps to restore the impaired aggregates or provide replacement insurance protection within thirty (30) days of knowledge of same. The CITY has the option to specify the minimum acceptable aggregate limit for each line of coverage required. No substantial reductions in scope of coverage which may affect the CITY'S protection are allowed without the CITY'S prior written consent.

9. Commencement of Work. For purposes of insurance coverage only, this Lease will be deemed to have been executed immediately upon any party hereto taking any steps that can be considered to be in furtherance of or towards performance of this Contract. The requirements in this Section supersede all other sections and provisions of this Contract, including, but not limited to, PSC-4, to the extent that any other section or provision conflicts with or impairs the provisions of this Section.

**Attachment 1 (Continued)
Required Insurance and Minimum Limits**

Name: _____ Date: _____

Agreement/Reference: _____

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

	Limits
<hr/>	
___ Workers' Compensation – Workers' Compensation (WC) and Employer's Liability (EL)	WC
<input type="checkbox"/> Waiver of Subrogation in favor of City	EL
<input type="checkbox"/> Longshore & Harbor Workers <input type="checkbox"/> Jones Act	_____
<hr/>	

___ General Liability	_____
<input type="checkbox"/> Products/Completed Operations <input type="checkbox"/> Fire Legal Liability <input type="checkbox"/> _____	_____
<input type="checkbox"/> Sexual Misconduct	_____
<hr/>	

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

___ Professional Liability (Errors and Omissions) _____

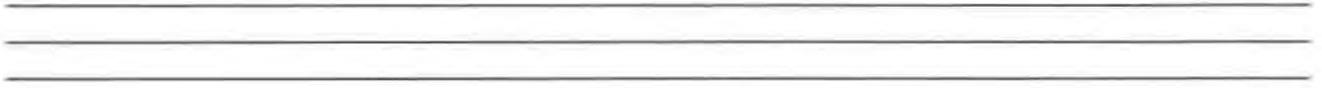
Property Insurance (to cover replacement cost of building – as determined by insurance company)

- | | |
|---|--|
| <input type="checkbox"/> All Risk Coverage
<input type="checkbox"/> Flood _____
<input type="checkbox"/> Earthquake _____ | <input type="checkbox"/> Boiler and Machinery
<input type="checkbox"/> Builder's Risk
<input type="checkbox"/> _____ |
|---|--|

___ Pollution Liability	_____
<input type="checkbox"/> _____	_____
<hr/>	

___ Surety Bonds – Performance and Payment (Labor and Materials) Bonds	100 % of Contract Pri
___ Crime Insurance Other:	

Other: _____



RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

Gregory Doran
Nixon Peabody LLP
799 9th Street NW
Suite 500
Washington, DC 20001-4501

SPACE ABOVE LINE FOR RECORDER'S USE ONLY

CONSENT TO LEASEHOLD DEED OF TRUST AND MODIFICATION OF LEASE

THIS CONSENT TO LEASEHOLD DEED OF TRUST AND MODIFICATION OF LEASE (this "Consent") is made and entered into as of this ____ day of March, 2017, by and among HOLA Community Partners, a California nonprofit public benefit corporation ("Lessee"), New Markets Community Capital XXI, LLC, a Delaware limited liability company ("Lender"), and the City of Los Angeles, a municipal corporation, acting by and through its Board of Recreation and Parks Commissioners ("Lessor").

WHEREAS, Lessor owns and/or controls certain lands known as Lafayette Park under the management and control of the Board of Recreation and Parks Commissioners, which are more particularly described on Exhibit A attached hereto and by this reference made a part hereof (the "Premises"); and

WHEREAS, Lessor and Lessee have entered into that certain Lease Agreement, dated on or about the date hereof, pursuant to which Lessor has leased to Lessee the Premises (such lease, as modified by the terms of this Consent, referred to hereinafter as the "Lease"); and

WHEREAS, a memorandum of the Lease is recorded in the office of the Recorder of Deeds of the County of Los Angeles, California in Book _____ at Page _____; and

WHEREAS, Lender has committed to Lessee to make certain loans to Lessee upon certain terms and conditions; and

WHEREAS, the Lender's loan will be secured, inter alia, by a [Leasehold Deed of Trust and Security Agreement] (the "Deed of Trust") on Lessee's rights in and to the Premises pursuant to the Lease and certain property located thereon; and

WHEREAS, to induce Lender to make the loans to Lessee, Lessor has agreed to review and consent to the Lender's Deed of Trust, and Lessor and Lessee have further agreed to modify and amend the Lease in order to accommodate the Lender.

NOW, THEREFORE, for and in consideration of the Premises and the mutual covenants and promises herein contained, and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged by the parties hereto, the parties hereby agree as follows:

1. Consent to Deed of Trust. Lessor hereby acknowledges and agrees that it has full right, power and authority to lease the Premises to Lessee. Lessor hereby consents to Lessee's execution of the Deed of Trust, pursuant to which Lessee grants to Lender a first lien on, inter alia, Lessee's right, title and interest in and to the Premises under the Lease (the "Tenancy"). Lessor hereby acknowledges and agrees that Lessee's grant of the Deed of Trust will not be deemed to violate any of the terms of the Lease or cause a default thereunder.

2. Modification of Lease. Lessor and Lender agree that the Lease is hereby modified, as between Lessor and Lender, as of the date hereof as hereinafter provided in this Consent. As between Lessor and Lender, the terms of this Consent shall supersede any inconsistent provisions of the Lease and any rights and remedies granted to Lender under this Consent shall, to the extent inconsistent therewith, supersede any rights and remedies of Lessor and Lessee under said Lease. Except as expressly and specifically set forth in this Consent, nothing contained herein shall be deemed to alter or modify any of the terms, conditions, or provisions of the Lease, and Lessor shall have the right to insist upon and receive strict performance of all the terms, conditions and provisions of the Lease and of all the obligations of Lessee under the Lease. It is expressly understood that Lessor shall not, by virtue of its execution of this Consent, be deemed to be a grantor under the Deed of Trust or to have subjected to the lien of the Deed of Trust, any of its right, title or interest in and to the said Premises. Lessor and Lessee agree that they will not further modify or amend the Lease without the prior written consent of Lender. Lessor hereby agrees to subordinate any lien Lessor may have on the assets of Lessee (including, but not limited to, the landlord's lien under the Lease) to any lien and/or security interest Lender may now or hereafter have upon Lessee's assets such that Lessor's liens and/or security interests in Lessee's assets shall be subordinate and inferior to the liens and/or security interests Lessee now or hereafter grants in favor of Lender. Lessor and Lessee hereby represent and warrant that as of the date hereof there is no existing default under the Lease.

3. Notices to Lender and Lessor.

(a) Lessor agrees to give notice of default or the nonperformance by Lessee of its obligations under the Lease to Lender in the manner hereinafter provided, concurrently with the giving of such notice to Lessee. Lessor and Lessee each further agree to provide Lender with a copy of any notice given to the other party under the Lease, concurrently with the giving of such notice.

(b) Lender agrees to give Lessor notice of default or the nonperformance by the Lessee of its obligations under the Lender's loan secured by Deed of Trust, concurrently with the giving of such notice to Lessee.

4. Right of Lender to Perform Obligations of Lessee. At all times while the Lease is in effect, Lender shall have the right, but not the obligation, to perform on behalf of Lessee any and all of the obligations of Lessee under the Lease in accordance with the terms of the Lease, and Lessor shall accept any such performance by Lender on behalf of Lessee as performance by Lessee without any prejudice to the rights of Lessee under the Lease.

5. Lender's Right to Cure Prior to Termination of the Lease. Lender shall have the right, but not the obligation, to cure any default by Lessee under the Lease upon the terms and conditions set forth therein, but Lender's right to effect such cure shall extend from the date notice of default is given to Lender, and if the default is cured by Lender within such period or periods as is permitted by the Lease, the Lease shall remain in full force and effect.

6. Lender's Rights Upon Termination of the Lease. In the event that Lessee's rights under the Lease are terminated by reason of Lessee's default, Lender shall, nonetheless, have the right, but shall not be obligated, to reinstate the Lease by curing Lessee's default(s) thereunder (irrespective of whether or not Lessee is given the right to cure such default under the Lease) within ten (10) days after notice of termination of the Lease is given by Lessor to Lender if such default is a monetary default; or thirty (30) days, extended for such additional reasonable periods as may be necessary to permit cure to be effected if efforts to cure are being made and cure is not possible within said thirty (30) days, if such default(s) involve matters other than the payment of money. In any such event, the Lease shall be reinstated and remain thereafter in full force and effect provided that the obligations of Lessee thereunder are performed in accordance with the terms of the Lease. If Lessee's rights under the Lease are terminated by reason of any Noncurable Defaults (hereinafter defined), then, at the option of Lender, the Lease shall be reinstated and remain thereafter in full force and effect and all events constituting Noncurable Defaults shall be deemed to be permanently and fully remedied, provided that (i) Lender assumes all obligations of Lessee under the Lease; provided, however, Lender shall not be required to indemnify Lessor for any acts of Lessee or Lessee's employees, agents, invitees, or officers while Lessee has possession of the Premises, (ii) no other defaults which do not constitute Noncurable Defaults remain unremedied, and (iii) the obligations of Lessee under the Lease are performed in accordance with the terms of the Lease.

7. Noncurable Defaults. For the purposes hereof, the term "Noncurable Defaults" shall refer to the following events: (i) the abandonment of the Premises by Lessee, (ii) the insolvency or bankruptcy of Lessee, (iii) any other event constituting an event of default under the Lease which, by virtue of the fact that the event is triggered upon the passage of a stated date or period of time which has elapsed prior to the time that is allotted to the Lender for cure of the same, is not susceptible of cure by Lender (it being understood that upon subsequent assumption of Lessee's obligations under the Lease, the Lender shall be obligated thereafter to cure such event).

8. Lender's Rights Upon Lessee's Default Under Loan Documents. In the event of Lessee's default under the Deed of Trust or promissory note secured thereby, or under any other agreement further evidencing or securing the Lender's loans to Lessee or any other future obligations or indebtedness of Lessee to Lender including all extensions and renewals thereof (all of such obligations are herein collectively referred to as "Lessee's Obligations"), the Lender may, at its option, upon giving written notice to Lessor, enter upon the Premises and exercise all of Lessee's rights under the Lease, provided that Lender during any such time assumes and performs the obligations of Lessee under the Lease. Irrespective of any limitations on subletting set forth in the Lease, Lender shall have the right to sublet the Premises, subject to the terms of the Lease, or any part thereof and collect the rents therefrom which are due or to become due, and apply the same after payment of all charges and expenses, to Lessee's Obligations, without the need to seek Lessor's consent thereto or otherwise to satisfy any applicable provision of the Lease relating to subletting.

9. Lender's Right to Assign the Tenancy. After any default by Lessee under Lessee's Obligations, and provided the Lease is then in effect, Lender shall have the right to sell and assign the Tenancy without the consent of Lessor and without the necessity of complying with any other provisions of the Lease relative to such an assignment, provided that (i) Lender's assignee as part of such assignment agrees to assume and perform all of the obligations of Lessee under the terms of the Lease, (ii) Lender gives written notice to Lessor of a proposed sale and assignment of the Tenancy at least thirty (30) days prior to making such assignment and (iii) Lender has given effect to Lessor's Purchase Option. In connection with any proposed

sale or assignment of this Tenancy, following the exercise of Lender's remedies following a default in Lessee's Obligations, Lessor shall have the option to purchase either (a) Lessee's Obligations and all security therefor at a price equal to the then outstanding amount of Lessee's Obligations (or such lesser amount agreed to by Lender and Lessor), said right to be exercised and purchase to be consummated within thirty (30) days after Lessor receives notice of Lender's intention to sell or transfer the Tenancy, or (b) the Tenancy and those items covered by Lender's lien which are proposed to be sold on the same terms and conditions as have been offered to and accepted by the proposed purchaser, which terms shall be stated in the Lender's notice thereof to Lessor, said right to be exercised by Lessor within said thirty (30) day period after receipt of Lender's notice to Lessor (the "Purchase Option"). In the event that Lender sells and assigns the Tenancy and has complied with the terms set forth in this paragraph related to Lessor's Purchase Option, Lender shall have no liability to Lessor or any other person under the Lease after the effective date of any such sale and assignment.

10. Special Cure Period. Lessor and Lender agree that, for purposes of effectuating a cure with respect to a default in Lessee's obligation to operate an Arts and Recreation Center on the Premises pursuant to Section 5 in the Lease, as is Lender's right under Section 5 of this consent, and as is required under Section 6 and Section 7 of this Consent, Lessor shall have a period of up to 120 days to effectuate such a cure, provided Lender shall work diligently and in collaboration with Lessor to identify a non-profit reasonably acceptable to Lessor to operate such Arts and Recreation Center on the Premises.

11. Subordination. Notwithstanding the provisions of the Lease to the contrary, Lessee shall neither be obligated nor permitted to execute any instrument on or after the date hereof which subordinates the Lease to a deed of trust or mortgage on Lessor's fee interest in and to the Premises (a "Fee Deed of Trust") unless such subordination instrument is in form and substance satisfactory to Lender and provides that the foreclosure of the Fee Deed of Trust will not extinguish the Lease or the lien of the Lender's Deed of Trust or in any way impair the Lender's security interest in its collateral for Lessee's obligations, provided that all obligations of Lessee under the Lease have been satisfied. If the subordination instrument is in a form satisfactory to Lender, Lender shall be obligated to sign such instrument in its capacity as well.

12. Notice to Parties. Any notice provided for hereunder shall be in writing and shall be deemed given if delivered by personal service or by certified or registered mail, return receipt requested, postage prepaid, addressed to the party to whom said notice is directed, at the following addresses:

If to Lender:

New Markets Community Capital XXI, LLC
 c/o New Markets Community Capital, LLC
 5400 East Olympic Boulevard, Suite 300
 Los Angeles, CA 90022
 Attention: Jose Villalobos
 Facsimile: 323-721-3560

with a copy to:

Manatt, Phelps & Phillips, LLP
 7 Times Square
 New York, NY 10036
 Attention: Neil S. Faden, Esq.

Facsimile: 212-790-4545

If to Lessee:

with a copy to:

U.S. Bancorp Community Development Corporation
1307 Washington Avenue, Suite 300
Saint Louis, Missouri 63103
Attn: Director of Asset Management – NMTC
Project Reference # 24989
Facsimile: 314-335-2602

with a copy to:

Nixon Peabody LLP
401 9th Street NW
Suite 900
Washington, DC 20004-2128
Attention: Gregory Doran
Facsimile: (202) 585-8080

If to Lessee:

HOLA Community Partners
2701 Wilshire Boulevard, Ste. 100
Los Angeles, California 90057
Attention: Chairman of the Board
Facsimile: _____

with a copy to:

Gibson, Dunn & Crutcher LLP
333 South Grand Avenue,
Los Angeles, CA 90071-3197
Attention: Douglas Champion
Facsimile: (213) 229-6128

with a copy to:

Bocarsly Emden Cowan Esmail & Arndt LLP
633 West Fifth Street, 64 Floor
Los Angeles, CA 90071
Attention: Robert F. Cowan
Facsimile: (213) 239-0410

If to Lessor:

City of Los Angeles
Board of Recreation and Parks Commissioners
1200 W. 7th Street, 7th Floor

Los Angeles, California 90017
Facsimile: (213) 928-9048

with a copy to:

General Manager
Department of Recreation and Parks
1200 W. 7th Street, 7th Floor
Los Angeles, California 90017
Facsimile: (213) 928-9031

with a copy to:

Office of the City Attorney
Real Property/Environment Division
700 City Hall East
200 North Main Street
Los Angeles, California 90012-4130
Telecopier: (213) 978-8090

or at such other address as any party may from time to time designate by notice given as provided herein. All notices given as provided herein shall be deemed given on the date of personal service or the date of postmark.

13. Liability of Lender. Nothing contained herein shall be held or construed to transfer or pass to or impose upon Lender any liability, obligation, warranty, duty, or undertaking of any kind or nature which has been or is imposed upon, agreed to, or assumed by Lessee under the Lease, unless Lender assumes such obligation for the purpose of maintaining the Lease in effect or curing a default or defaults by Lessee as provided herein, whether prior to or after termination of the Lease. The Lender shall be released and discharged from any liability it assumes with respect to the Lease at such time as the Lender sells and assigns the tenancy.

14. Liability of Lessee. Nothing contained herein shall affect, modify, release, or relieve Lessee from any obligations, warranties, liabilities, duties, or undertakings under the terms of the Lease, all of which shall be and remain enforceable against Lessee. Lessee hereby consents to the provisions hereof.

15. Successors and Assigns. This Consent shall be binding upon and inure to the benefit of the parties hereto and their successors and assigns. For the purposes hereof, the terms "Lessor," "Lessee" and "Lender" shall be deemed to include the respective successors and assigns of each of said parties.

16. Recordation. Lender shall be entitled to record this Consent.

17. Satisfaction and Release of Deed of Trust. Upon satisfaction of all the obligations under the loan secured by Deed of Trust, Lender agrees to execute, record and deliver to Lessor such documents as may be reasonably necessary to effectuate satisfaction and release of Deed of Trust.

[Remainder of Page Intentionally Left Blank-Signature Page Follows]

IN WITNESS WHEREOF, this Consent to Leasehold Deed of Trust and Modification of Lease is executed as of the day and year first above written.

APPROVED AS TO FORM AND LEGALITY:

By: _____
City Attorney

DATE: _____

ATTEST:

City Clerk

By: _____
Deputy

DATE: _____

LESSOR:

CITY OF LOS ANGELES, a municipal corporation,
acting by and through its BOARD OF
RECREATION AND PARK COMMISSIONERS:

By: _____
President

By: _____
Secretary

Date: _____

LESSEE:

HOLA COMMUNITY PARTNERS, a California
public non-profit corporation

By: _____
Chairperson

By: _____
Secretary

Date: _____

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

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

On _____, before me, _____, personally appeared _____ who, being first duly sworn, did say that _____ of _____, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

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

WITNESS my hand and official seal.

_____ (Seal)

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

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

On _____, before me, _____, personally appeared _____ who, being first duly sworn, did say that _____ of _____, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

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

WITNESS my hand and official seal.

_____ (Seal)

IN WITNESS WHEREOF, this Consent to Leasehold Deed of Trust and Modification of Lease is executed as of the day and year first above written.

LENDER:

NEW MARKETS COMMUNITY CAPITAL XXI, LLC,
a Delaware limited liability company

By: New Markets Community Capital, LLC,
a Delaware limited liability company,
its Managing Member

By: _____
Name: José Villalobos
Title: Senior Vice President

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

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

On _____, before me, _____, personally appeared _____ who, being first duly sworn, did say that _____ of _____, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

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

WITNESS my hand and official seal.

_____ (Seal)

EXHIBIT A

(Attached)

SUBLEASE AGREEMENT
 BY AND BETWEEN
 HOLA COMMUNITY PARTNERS
 AND
 HEART OF LOS ANGELES YOUTH, INC.
 FOR THE OPERATION OF
 AN ARTS AND RECREATION CENTER IN LAFAYETTE PARK

ARTICLE 1
BASIC SUBLEASE PROVISIONS

1.1 **Parties.** This SUBLEASE AGREEMENT (“Sublease”) is entered into as of March __, 2017 (the “Effective Date”), by and between HOLA COMMUNITY PARTNERS, a California nonprofit public benefit corporation with a principal mailing address at 2701 Wilshire Boulevard, Suite 100, Los Angeles, California 90057, as Sublandlord (“HOLA”), and HEART OF LOS ANGELES YOUTH, INC., a California nonprofit public benefit corporation with a principal mailing address at 2701 Wilshire Boulevard, Suite 100, Los Angeles, California 90057, as Subtenant (“HEART OF LA”).

1.2 **Recitals.**

1.2.1 HOLA, as Tenant, and the CITY OF LOS ANGELES, a municipal corporation, acting by and through its Board of Recreation and Parks Commissioners (“CITY”), as Landlord, are parties to that certain Lease Agreement dated as of March __, 2017 for the use of certain land within Lafayette Park, as shown in Exhibit A attached thereto (as may be amended from time to time, the “Lease”).

1.2.2 HOLA now desires to sublease the same Premises that is described in the Lease to HEART OF LA, for the purpose of operating an Arts and Recreation Center as required by the terms and conditions of the Lease.

1.3 **Definitions in Sublease.** When used in this Sublease, or any Exhibits to this Sublease, except where a different definition is clearly and expressly given, the following words or phrases, capitalized as shown, shall mean:

1.3.1 **City.** The defined term “CITY” shall mean the City of Los Angeles, as Landlord pursuant to the Lease. Except where clearly and expressly provided otherwise in the Lease, any action to be taken by CITY may be taken for CITY by the General Manager as defined in Paragraph 1.3.5. Except where clearly and expressly provided otherwise in the Lease, the capacity of the City of Los Angeles pursuant to the Lease shall be as Landlord, and any benefits, obligations, or restrictions conferred or imposed by the Lease on CITY shall be limited to that capacity and shall not relate to or otherwise affect any activity of the City of Los Angeles in its governmental capacity, including, but not limited to, enacting laws, inspecting structures, reviewing and issuing permits, and all other

legislative, administrative, or enforcement functions of the City of Los Angeles pursuant to federal, state, or local law.

1.3.2 **Department.** The defined term “DEPARTMENT” shall mean the Department of Recreation and Parks of the City of Los Angeles.

1.3.3 **General Manager.** The defined term “General Manager” shall mean the General Manager of the Department of Recreation and Parks of the City of Los Angeles, or such successor position as the City Council of the City of Los Angeles may designate. The defined term “General Manager” shall also include any person designated by the General Manager to act on behalf of the General Manager.

1.3.4 **HEART OF LA.** The defined term “HEART OF LA” shall mean Heart Of Los Angeles Youth, Inc., a California nonprofit public benefit corporation

1.3.5 **HOLA.** The defined term “HOLA” shall mean HOLA Community Partners, a California nonprofit public benefit corporation.

1.3.6 **Premises.** The defined term “Premises” shall mean the Center site and the delineated leasehold pad surrounding the Center site in Lafayette Park, located in City Council District 10 on the corner of West Sixth Street and South Lafayette Park Place, Los Angeles, California. The Center site is located in the northeast corner of the park, and shall occupy approximately 24,860 square feet, together with surrounding lawn and landscape area as shown on Exhibit A.

ARTICLE 2 TERM

2.1 **Term.** The term of this Sublease shall be for fifty (50) years, beginning on the Effective Date of this Sublease and expiring at midnight of the day immediately prior to the fiftieth (50th) anniversary of the Effective Date (“Term”), unless previously terminated in accordance with other provisions of this Sublease.

2.2 **Early Termination by Heart of LA.** In the event that at any time HEART OF LA is no longer able to carry out the purposes of this Sublease as set forth in this Sublease because of (i) corporate incapacity, (ii) lack of funds, or (iii) changed conditions in general, then HEART OF LA shall have the right to terminate this Sublease upon one (1) year’s prior written notice to HOLA. In the event of the early termination of this Sublease, the provisions of Section 16.1 of this Sublease shall pertain regarding termination.

2.3 **Termination – Non-conforming Use.** Should the Premises cease to be used for the purpose of an Arts and Recreation Center, or should HEART OF LA cease to operate or exist or maintain its nonprofit corporate status (temporary suspension of status for a period not exceeding one hundred eighty (180) days shall not be considered a failure to maintain status), or should the operations conducted not be in accordance with the statutes of the United States, State of California, the County of Los Angeles, or the City of Los Angeles, or should the Premises, at the reasonable discretion of the City Council, not be used for purposes of this Sublease as set forth in Article 5, then HOLA may terminate this Sublease pursuant to Paragraph 15.2.1. HOLA’s right

to cure pursuant to Paragraph 15.2.1 shall be applicable to this Section 2.3. Should said termination be ordered, HOLA will peaceably surrender the Premises and will comply with all of the requirements of this Sublease with regard to termination.

2.4 Termination – Commencement of Operations. If HEART OF LA does not commence the on-going operation of the Center to members of the general public pursuant to the terms of use in Article 5 of this Sublease (the “Opening Date”) within sixty (60) months after the Effective Date, subject to any extension for Force Majeure, HOLA may terminate this Sublease at any time on or after the end of the sixtieth (60th) month following the Effective Date upon sixty (60) days prior written notice to HEART OF LA (which notice may be given only after the end of such sixtieth (60th) month), and provided that if HEART OF LA thereafter has commenced good faith operation of the Center prior to the effective date of such notice, then such right to terminate shall expire and this Sublease shall remain in full force and effect.

2.5 Termination – Commencement of Center Construction. If HOLA fails to commence construction (the “Construction Commencement Date”) within thirty-six (36) months after the Effective Date, subject to any extension for Force Majeure, HOLA may terminate this Sublease at any time on or after the thirty-sixth (36th) month following the Effective Date upon sixty (60) days prior written notice to HEART OF LA (which notice may be given only after the end of such thirty-sixth (36th) month), and provided that if HOLA thereafter has commenced good faith construction of the Center prior to the effective date of such notice and diligently pursues such construction thereafter, then such right to terminate shall expire and this Sublease shall remain in full force and effect. Construction shall be deemed to commence on the date HOLA starts physical work on the Premises pursuant to a valid Building Permit from the City of Los Angeles.

2.6 Intentionally deleted.

2.7 Holdover. If HEART OF LA, with HOLA’s written consent, remains in possession of the Premises after the expiration or termination of this Sublease, such possession by HEART OF LA shall be deemed to be a month-to-month tenancy terminable on thirty (30) days’ prior written notice given at any time by either party. All provisions of this Sublease except those pertaining to Term (Section 2.1) and rent owed shall apply to the month-to-month tenancy. If HEART OF LA holds over without HOLA’s written consent, or after the date in any notice given by HOLA to HEART OF LA terminating this Sublease, HEART OF LA shall be deemed to be a tenant at sufferance and HEART OF LA shall owe to HOLA then-current fair-market rent as determined by HOLA in its good faith and reasonable discretion.

2.8 Intentionally deleted.

ARTICLE 3 CONSIDERATION AND FINANCING

3.1 Consideration. The consideration for this Sublease shall be the operation of an Arts and Recreation Center as set forth in Article 5 of this Sublease at the Premises, together with the attendant benefits to the youth of the City of Los Angeles and their families, plus the annual payment during the Term of this Sublease of One Dollar (\$1.00) by HEART OF LA. As of the Effective Date, HEART OF LA has pre-paid to HOLA the sum of Fifty Dollars (\$50.00),

representing full payment of the monetary consideration set forth in the preceding paragraph, which sum shall be non-refundable to HEART OF LA in the event that this Sublease is terminated for any reason in accordance with its terms.

3.2 **Funding.** HOLA shall be required to fund the development, construction and operation of an Arts and Recreation Center for the uses set forth in Article 5 of the Lease at the Premises.

ARTICLE 4 PREMISES

4.1 **Premises.** HEART OF LA subleases from HOLA the land and the improvements in the City of Los Angeles, County of Los Angeles, State of California, described in Exhibit A attached hereto and incorporated herein by this reference (the "Premises"). The Premises are subject to all existing easements and any other restrictions of record. The Premises are also subject to future easements or rights-of-way for utilities and uses in accordance with Charter section 594(c)(1).

4.2 **Acceptance of Premises.** HEART OF LA accepts the Premises on an "as is" basis as of the Effective Date of this Sublease.

4.3 **Reservation of Mineral Rights and Air Rights.** Pursuant to the Lease, CITY has reserved all right, title, and interest in any and all gas, oil, minerals, and water beneath the Premises, below a plane five hundred (500) feet below the surface of the Premises, but without the right to use the surface of the Premises, or any area above a plane five hundred (500) feet below the surface of the Premises, for the extraction of such gas, oil, minerals, and water. CITY also has reserved all right, title, and interest in any and all air rights above the Premises; provided, however, that any use of air rights by CITY shall not interfere with the public's and HEART OF LA's ingress and egress to or HEART OF LA's operation of the Center on the Premises.

ARTICLE 5 USE OF PREMISES FOR CENTER

5.1 **Use of Premises.** The Premises shall be used in any way that is consistent with HEART OF LA's mission of providing enrichment and recreational activities for youth and their families, including for the purpose of an Arts and Recreation Center on a non-profit basis and for operations and functions related to or incidental to such Center, including storage and office space for use by HEART OF LA's onsite staff members. No offices for CITY or DEPARTMENT will be provided.

5.2 **Operation.** As partial consideration for the use of City-owned property, the Center shall be operated as an Arts and Recreation Center conducted on a nonprofit basis. The facilities of the Center at the Premises shall be open a minimum of five (5) days per week for forty-six (46) weeks per year and will serve the public with the overall operation schedule to be developed by mutual agreement of the General Manager, HOLA, and HEART OF LA (see Section 12.2, regarding obligation after damage or destruction). HEART OF LA shall post its operating schedule in a conspicuous place near the entrance to the Center and shall adhere to the posted hours of operation. Any changes in said operating schedule shall be posted for a reasonable period in

advance of the date on which such changes are to take effect. HEART OF LA shall operate the Center, develop recreational programming, volunteer training, seminars, workshops, special programs, athletics, community outreach programs, special artistic displays, and similar programs and events for the benefit of Los Angeles youth and residents, all to the extent that HEART OF LA's fund-raising and staff commitments shall allow (nothing in this sentence shall be construed to modify HEART OF LA's obligation to operate an Arts and Recreation Center with a major focus on arts and recreation for a specified minimum number of hours per week, or the right of HOLA to terminate this Sublease for the failure to so operate).

5.2.1 Hours of Operation. The overall operating schedule shall be developed by mutual agreement of the General Manager, HOLA, and HEART OF LA. Hours of Operation shall reflect normal park operating hours of Sunrise to 10 p.m., except under such circumstances and conditions as may be approved in writing in advance by the General Manager. HEART OF LA reserves the right to open after normal operating hours, on weekday evenings and/or Sundays for special events with prior permission from HOLA.

5.2.2 Entry. HOLA and HEART OF LA acknowledge the safety and security concerns associated with the operation of a public park facility. Accordingly, HOLA shall allow HEART OF LA, in its sole discretion, the right to limit public entry into its Premises to only those individuals present in connection with HEART OF LA or other community-related programming recognized by HEART OF LA.

5.3 Consideration for DEPARTMENT Programs. HEART OF LA shall give consideration to groups sponsored by the DEPARTMENT that wish to use the Center as a location for meetings or programs when the Center is not open to the public. Members of such groups would be participants of programs at DEPARTMENT facilities. HEART OF LA shall reasonably accommodate DEPARTMENT requests for use of the meeting space in accordance with standard reservation procedures, provided the parties hereby expressly acknowledge and agree, that the following activities shall be prohibited by any occupant of the Premises, including, without limitation the City, Tenant or Department: any trade or business, that is an excluded business under Treasury Regulations 1.45D-1(d)(5)(ii) or (iii), including without limitation, any one or more of the following: any private or commercial golf course, country club, massage parlor, hot tub facility, suntan facility, racetrack or other facility used for gambling, or any store the principal business of which is the sale of alcoholic beverages for consumption off premises, the ownership or operation of "residential rental property" (as defined in Section 168(e)(2)(A) of the Code, any trade or business consisting predominantly of the development or holding of intangibles for sale or license, and any trade or business the principal activity of which is farming (within the meaning of section 2032A(e)(5)(A) or (B) of the Code).

5.4 Security. HEART OF LA shall, at its sole cost and expense, provide for reasonable precautions to protect the security and safety of the Premises, contents contained therein, and all those who enter the Premises. In the event of an injury to a person on said Premises or in the event of an emergency situation, HEART OF LA shall make reasonable efforts to ensure that the injured person or emergency receives prompt and qualified attention. HOLA is not obligated under this Sublease to provide any security for the Premises, contents contained therein, or persons who enter the Premises. No person may live on the Premises (*i.e.*, use Center or Premises as a home or living quarters) except during declared emergencies.

5.5 **Alcoholic Beverages.** The dispensing of beer, wine, or other intoxicating liquors shall not be permitted, except under such circumstances and conditions as may be approved in writing in advance by the General Manager.

5.6 **Signs and Advertising.** Signage on the Premises and advertising shall be governed as follows:

5.6.1 **Commercial Signs.** No commercial advertising signs of any kind or type may be displayed at the Premises without the prior written approval of the General Manager in his or her discretion.

5.6.2 **Donor and Related Signage.** Donor signage and signs denoting building/area names shall be allowed. The cooperation between HEART OF LA and CITY shall be recognized in a mutually agreed to manner in all signage and promotions relating to the facilities at the Premises.

5.7 **Special Events.** HEART OF LA may conduct certain special program-related, fundraising, or community events outside normal operating hours with the prior written approval of the General Manager, which shall not be unreasonably withheld or delayed, and in compliance with all policies and procedures heretofore and hereafter adopted by the CITY. HEART OF LA shall provide for and assume all costs and expenses for additional personnel and/or facilities that the General Manager deems necessary to accommodate said special event. For the avoidance of doubt, special events conducted pursuant to this Section 5.7 shall not include “rental events” such as weddings, quinceañeras, bar mitzvahs, birthday parties, or other events that are unrelated to HEART OF LA’s programs and services.

5.8 **Ancillary Income.** During the Term, in the event HEART OF LA obtains income from uses of the Premises which are ancillary to the uses contemplated under this Sublease (*e.g.*, uses contemplated in Section 17.1 herein), HEART OF LA shall use such income only for such purposes as are consistent with the nonprofit activities permitted with respect to the use of the Premises. Any receipt of such income shall be reported to HOLA and CITY in the annual report required pursuant to Section 8.1, and HEART OF LA, if requested by HOLA or the General Manager, shall provide HOLA or the General Manager, as applicable, with such accountings as HOLA or the General Manager shall reasonably require to demonstrate compliance with this Section 5.8. Nothing in this Section shall be construed to permit uses of the Premises not otherwise allowed under the provisions of this Sublease, nor shall anything in this Section be construed to negate or modify any requirement for prior approval of activities.

5.9 **Review of Functions and Operations.** On an annual basis, or as deemed reasonably necessary by either HEART OF LA or HOLA, HOLA may request that representatives of the parties confer to evaluate adequacy of the functional, operational and maintenance responsibilities of each party, as stipulated in this Sublease, and make such adjustments as they deem necessary.

ARTICLE 6
MAINTENANCE AND REPAIR OF CENTER

6.1 **HEART OF LA's Responsibilities.** HEART OF LA shall keep and maintain, at HEART OF LA's sole cost and expense, the Premises and Center and all other improvements on the Premises in good condition and repair during the entire Term of this Sublease. HEART OF LA shall be responsible for providing all security, maintenance, and custodial services as are required in the Premises. HEART OF LA shall pay the cost of all such services. Security, maintenance, and custodial services shall be maintained at a customary and usual level for similar facilities in the Los Angeles area, except where specific levels of service are provided in this Sublease or are reasonably imposed by HOLA or the General Manager, in which case those levels of service shall apply. The condition and state of repair covering the entire Premises, the buildings or other structures on the Premises, interior, exterior, and all access areas thereto, shall at all times be, without limitation, as follows: safe and free from hazard; free of rodents, insects and other pests; free from unsightly signs, displays, markings, and graffiti; free from litter and debris; free from abandoned personal items or personal items left longer than twenty-four (24) hours; all plumbing, electrical, heating, cooling and other systems in good operating condition and free from hazard of obstruction of any kind; sidewalks, fencing, landscaping, and play and parking areas in neat and safe condition; all areas adequately illuminated; and all areas well painted and in such condition as not to detract from the surrounding neighborhood. HOLA and CITY shall have the right to inspect the Premises for compliance under this Section 6.1 pursuant to Section 9.3.

6.2 **HOLA Not Obligated To Repair.** Except as provided expressly in this Sublease, in no event shall HOLA be required or obligated to perform any maintenance or to make any repairs, changes, alterations, additions, improvements or replacements of any nature whatsoever, on the Premises or the improvements thereon, or any part thereof, at any time during the Term. Moreover, nothing contained in this Sublease shall be construed as requiring HOLA to make any repairs or to do any maintenance necessitated by reason of the negligence of HEART OF LA or anyone claiming under HEART OF LA, or by reason of the failure of HEART OF LA to observe or perform any conditions, covenants or agreements contained in this Sublease, or by reason of any damage to or destruction of other property caused by any improvements, alterations or additions made by HEART OF LA or anyone claiming through HEART OF LA.

6.3 **Refuse and Trash.** HEART OF LA shall keep the Premises clean and sanitary at all times. No refuse matter, nor any substance constituting an unnecessary, unreasonable or unlawful fire hazard, or material detrimental to the public health, shall be permitted or allowed to remain thereon, and HEART OF LA shall take all reasonable precautions to prevent any such matter or material from being or accumulating upon the Premises. HEART OF LA shall provide for the collection and removal of all garbage and/or refuse and abandoned personal items or personal items left longer than twenty-four (24) hours from the Premises as often as is necessary and in no case less than twice weekly. HEART OF LA shall furnish all equipment and materials therefor, including trash receptacles of a size, type and number approved by CITY for use by the public. HEART OF LA shall provide an enclosed area concealing trash storage from public view. HEART OF LA shall, during the Term of this Sublease or any extension thereof and at HEART OF LA's sole expense, conduct a recycling program on the Premises in conjunction with the CITY Facilities Recycling Program of the City of Los Angeles, or any similar program subsequently

implemented. Such program will include all materials which may be reasonably recycled (e.g., white paper, mixed paper, newspaper, aluminum cans, and plastic and glass containers).

6.4 Safety Deficiencies. HEART OF LA shall promptly correct all safety deficiencies and violations of safety practices of which it has or should have knowledge and shall cooperate fully with HOLA and CITY in the investigation of accidents occurring on the Premises. In the event of injury to a patron, HEART OF LA shall use its best efforts to provide or cause to be provided prompt and qualified medical attention to the injured person; provided, however, that nothing in this Section is intended to confer any third-party beneficiary status on any person not a party to this Sublease. As soon as possible thereafter, HEART OF LA shall submit to HOLA and to CITY a "Non-Employee Accident or Illness Report" on the then-current standard form specified by the CITY or make such other report as CITY may reasonably require.

6.5 Failure to Perform Maintenance. In the event HEART OF LA does not perform maintenance or repairs such that the improvements on the Premises, or any portion thereof, are no longer suitable for use by the public or other occupancy, as determined by either CITY, HOLA or HEART OF LA, or that the improvements on the Premises, or any portion thereof, are not in compliance with applicable federal, state, or local laws on or after the date provided for such compliance, in each case beyond applicable notice and cure periods, HOLA, at its sole discretion, may:

6.5.1 Perform or have performed the necessary remedial work at HEART OF LA's expense;

6.5.2 Terminate this Sublease in accordance with Paragraph 15.2.1; or

6.5.3 Require the immediate vacation of all of the improvements on the Premises or, at the sole discretion of HOLA, a portion of the improvements on the Premises until such time as such maintenance or repairs are complete or such time as the improvements on the Premises are in compliance with such laws, as the case may be. The remedy provided in this Paragraph 6.5.3 may be used independently or in conjunction with the remedies provided in either Paragraph 6.5.1 or Paragraph 6.5.2.

6.6 Effect of Inspections or Approvals. Wherever in this Sublease inspections or approvals are required from HOLA in its role as Sublandlord under this Sublease or by CITY in its role as Landlord under the Lease (including from the General Manager), such inspections or approvals are additional to, and are not in lieu of, any inspections or approvals otherwise required under any applicable ordinance, regulation, or statute. Such inspections or approvals by HOLA or CITY are discretionary acts and shall not impose any liability on HOLA or CITY to third persons nor to HEART OF LA, and, in addition, shall not obligate HOLA nor CITY for any costs or expenses related to the construction, improvement, or maintenance of any building or other structure at the Premises.

ARTICLE 7
UTILITIES, SEWERS AND STORM DRAINS

7.1 **Utilities.** HEART OF LA shall install and pay all charges associated with the installation of electricity, natural gas, sewer, water, telephone services, and other services and utilities as well as all periodic fees for said services.

7.2 **Sewers and Storm Drains.** Sewage lines and storm drainage lines which were constructed in connection with the improvements on the Premises are the responsibility of HEART OF LA, which shall maintain and repair such sewage lines and storm drainage lines at HEART OF LA's sole cost and expense. To the extent that there are sewage lines and storm drainage lines within the boundaries of the Premises which predate this Sublease or which were installed by CITY (other than for exclusive use of the Center): (i) CITY retains an easement across the Premises for such sewage lines and storm drainage lines, including the right to access such lines for the purpose of inspection, repair, and relocation, and HEART OF LA shall not construct any improvements over such sewage lines or storm drainage lines without the prior written consent of the General Manager, which shall be at the General Manager's sole discretion, and (ii) CITY shall maintain and repair such sewage lines and storm drainage lines pursuant to Section 7.2 of the Lease. In the event that sewer and/or drainage lines (if any) within the boundaries of the Premises are replaced, repaired or relocated as an element of a City of Los Angeles project not related to the Center, pursuant to Section 7.2 of the Lease, CITY shall restore, at its sole expense, any landscaping and ground conditions to the state existing prior to such activity.

ARTICLE 8
REPORTS AND AUDITS

8.1 **Report to HOLA and CITY.** Not later than twelve (12) months following the Effective Date, and thereafter annually, HEART OF LA shall provide a copy of its annual report, which includes the financial, organizational, and programmatic activities of HEART OF LA to HOLA and to the General Manager. HEART OF LA shall provide such additional information as HOLA or the General Manager may reasonably request.

8.2 **Business Records.** HOLA and CITY maintain an interest in assuring that the facilities it provides at no or minimal rent are being operated in a manner consistent with HOLA and CITY's intent. Accordingly, HEART OF LA shall maintain to HOLA and to the City's reasonable satisfaction a method of accounting of all the receipts and disbursements in connection with the Premises and other facilities, if any, operated by HEART OF LA jointly with the Premises which shall correctly and accurately reflect the gross receipts and disbursements received or made by HEART OF LA (and, where feasible, which indicate the gross receipts and disbursements received or made by HEART OF LA from the operation of the Center and other activities on the Premises). Nothing in this Section shall require HEART OF LA to maintain separate accounts or business records from its operations at the Premises or any other location which HEART OF LA may operate during the Term of this Sublease.

8.3 **Inspection and Audit of Records by HOLA and CITY.** All documents, books and accounting records required to be maintained or retained under this Article shall be open for inspection and re-inspection by HOLA and CITY with reasonable prior notice during regular

operating hours during the Term of this Sublease and for a period of ten (10) years thereafter. In addition, HOLA and CITY may from time to time conduct, at HOLA or CITY's sole cost and expense, as applicable, an audit or re-audit of the books and business conducted by HEART OF LA with respect to HEART OF LA's operations from the Premises and observe the operation of business so that accuracy of the above records can be confirmed.

ARTICLE 9 COMPLIANCE WITH ALL LAWS AND REGULATIONS

9.1 Federal, State and Local Laws. HEART OF LA agrees that in achieving its goals as set forth in this Sublease, it will comply with all applicable laws, ordinances, rules and regulations enacted or promulgated or which are enacted or promulgated in the future by the City of Los Angeles, the County of Los Angeles, the State of California, and the Federal Government. HEART OF LA shall also adhere to all rules and regulations that have been adopted or that may be adopted by the BOARD or any successor department, board or commission having jurisdiction over the Premises.

9.2 Compliance with Americans with Disabilities Act. HEART OF LA agrees that as between HEART OF LA and HOLA, HEART OF LA shall be responsible for compliance, including all costs of compliance, with the Americans with Disabilities Act of 1990 (42 U.S.C. § 12101, *et seq.*) and any and all other federal, state, and local laws related to the accessibility of the Premises to persons with disabilities.

9.3 Right of Entry. Each of CITY, the General Manager, and HOLA, and each of their authorized representatives, agents and employees shall have the right to enter upon the Premises at any and all reasonable times within operating hours for the purposes of inspection and observation of HEART OF LA's operations. CITY and HOLA shall endeavor to conduct such inspections and observations in a manner calculated to minimize disruption to the use and enjoyment of the Premises by HEART OF LA, its employees, and patrons. Said inspections may be made by persons identified to HEART OF LA as CITY or HOLA employees or by independent contractors engaged by CITY or HOLA. Inspections of areas not open to the general public shall be made with reasonable prior notice (except in the case of emergency, where no notice is required).

9.4 Operating Permits and Licenses. HEART OF LA shall obtain, at its sole expense, any and all permits or licenses that may be required in connection with its operations including, but not limited to, tax permits, business licenses, and health permits.

ARTICLE 10 INSURANCE

10.1 Insurance. Prior to the occupancy of the Premises, under the provisions and conditions of this Sublease, HEART OF LA shall furnish HOLA and CITY with evidence of insurance as required to be procured and maintained by HOLA under Section 10.1 of the Lease.

10.2 Intentionally deleted.

10.3 **Failure to Maintain Insurance.** HEART OF LA's failure to procure or maintain required insurance shall constitute a material breach of this Sublease under which HOLA may immediately terminate this Sublease, or, at its discretion, procure or renew such insurance to protect HOLA's interest and pay any and all premiums in connection therewith, and recover all monies so paid from HEART OF LA. If HOLA elects to terminate this Sublease, HEART OF LA agrees to immediately cease all operations and activities under this Sublease and to peacefully surrender the Premises.

10.4 **Indemnification/Hold Harmless.** Except for the active negligence or willful misconduct of HOLA, or any of its Boards, Officers, Agents, Employees, Assigns and Successors in Interest, HEART OF LA undertakes and agrees to defend, indemnify and hold harmless HOLA and City and any of their Boards, Officers, Agents, Employees, Assigns, and Successors in Interest from and against all suits and causes of action, claims, losses, demands and expenses, including, but not limited to, attorney's fees and cost of litigation, damage or liability of any nature whatsoever, for death or injury to any person, including HEART OF LA's employees and agents, or damage or destruction of any property of either party hereto or of third parties, arising in any manner by reason of the negligent acts, errors, omissions or willful misconduct incident to the performance of this Sublease by HEART OF LA or its subcontractors of any tier. The provisions of this paragraph survive expiration or termination of this Sublease.

ARTICLE 11 IMPROVEMENTS

11.1 **Improvements.** All improvements constructed on the Premises by HEART OF LA at any time and from time to time during the Term shall be owned by HEART OF LA during the Term (including any extension thereof). Upon the expiration or termination of this Sublease, HEART OF LA shall surrender the improvements in accordance with the terms and provisions of Article 16 below.

ARTICLE 12 DAMAGE

12.1 **Damage.** Except as otherwise provided in this Sublease, if the improvements located on the Premises are damaged and such damage was caused by fire or other peril covered by HEART OF LA's insurance, HEART OF LA agrees to repair such damage to the extent set forth in this Section, and this Sublease shall continue in full force and effect. If (1) such improvements are damaged as the result of any cause other than perils covered by HEART OF LA's insurance, or (2) during the last twenty (20) years of the Term of this Sublease such improvements are damaged as the result of fire or other perils covered by HEART OF LA's insurance, and the cost to repair such damages (as determined by HEART OF LA in good faith) shall exceed thirty-five percent (35%) of the full replacement cost of the improvements, or (3) during the last ten (10) years of the Term of this Sublease such improvements are damaged as a result of fire or other peril covered by HEART OF LA's insurance, and the cost to repair such damage (as determined by HEART OF LA in good faith) shall exceed fifteen percent (15%) of the full replacement cost of the improvements, then HEART OF LA may, at HEART OF LA's option, either (i) repair such damage as soon as reasonably practicable at HEART OF LA's sole cost and expense, in which event this Sublease shall continue in full force and effect, or (ii) give written

notice to HOLA within ninety (90) days after the date of occurrence of such damage of HEART OF LA's intention to cancel and terminate this Sublease thirty (30) days after written notice of the intention to cancel and terminate. Upon such termination, HEART OF LA shall, if requested by HOLA, complete demolition of the damaged Center or other damaged improvement. Notwithstanding the foregoing, while any Leasehold Mortgage remains outstanding, the use of insurance proceeds following a casualty and the determination to replace any damaged improvements shall be governed by the Leasehold Mortgage and any documents related to such Leasehold Mortgage.

ARTICLE 13 DESIGN AND CONSTRUCTION OF CENTER

13.1 Intentionally deleted.

13.2 Intentionally deleted.

13.3 Intentionally deleted.

13.4 Intentionally deleted.

13.5 **No Liability of HOLA.** Nothing contained in this Sublease shall be construed or deemed to construe or deemed to create any obligation or liability, including, without limitation, liability as a guarantor or surety, on the part of HOLA with respect to the Center or any other improvements constructed from time to time, or any plans or specifications, construction contracts, financing or other matter, instrument or document of any nature whatsoever relating to such improvements. HOLA is not and shall at no time be liable to any creditor of HEART OF LA or any other persons occupying any part of the Premises or the improvements thereon as a licensee or otherwise or to any claimant against the estate or property of HEART OF LA or such other occupants for any of their debts, losses, contracts or other obligations. The relationship between HOLA and HEART OF LA is solely that of sublessor and sublessee and is not and shall not be deemed a partnership or joint venture.

13.6 **Mortgages; Mechanic's And Materialmen's Liens.** During the Term, other than as set forth in Section 17.2, the real property underlying the Premises shall not be used as security for any loans or mortgages or otherwise have any liens placed on it. By way of specification without limitation, HEART OF LA shall keep the Premises free from any liens arising out of work performed, materials furnished, or obligations incurred by HEART OF LA and shall indemnify, hold harmless and defend HOLA from any liens and encumbrances arising out of any work performed or materials furnished by or at the direction of HEART OF LA. In the event that HEART OF LA shall not, within thirty (30) calendar days following the imposition of any such lien, cause such lien to be released of record by payment or posting of a proper bond, HOLA shall have in addition to all other remedies provided herein and by law, the right, but no obligation to cause, upon five (5) business days prior written notice to HEART OF LA, the same to be released by such means as it shall deem proper, including payment in satisfaction of the claim giving rise to such lien. All such sums paid by HOLA and all expenses incurred by it in connection therewith, including costs and attorneys' fees, shall be paid by HEART OF LA to HOLA on demand.

13.7 Intentionally deleted.

13.8 Intentionally deleted.

ARTICLE 14 HAZARDOUS MATERIALS

14.1 Hazardous Materials. HOLA and HEART OF LA agree as follows with respect to the existence or use of Hazardous Material (as defined in Paragraph 14.1.3) on the Premises:

14.1.1 Prohibition. HEART OF LA shall not cause or permit any Hazardous Material to be brought upon, kept or used in or about the Premises by HEART OF LA, its agents, employees, contractors or invitees in violation of law or in quantities which would require reporting to a governmental entity, without the prior written consent of the General Manager, acting at the General Manager's sole discretion. If HEART OF LA breaches the obligations stated in the preceding sentence, or if the presence of Hazardous Material on the Premises caused or permitted by HEART OF LA results in contamination of the Premises, or if contamination of the Premises by Hazardous Material otherwise occurs for which HEART OF LA is legally liable to HOLA for damage resulting therefrom, then, HEART OF LA shall indemnify, hold HOLA harmless, and defend HOLA (with counsel reasonably acceptable to HOLA) from any and all claims, judgments, damages, penalties, fines, costs, liabilities or losses (including, without limitation, diminution in value of the Premises, damages for the loss or restriction on use of rentable or usable space or of any amenity of the Premises, damages arising from any adverse impact on marketing of space on the Premises, and sums paid in settlement of claims, attorneys' fees, consultant fees and expert fees) which arise during or after the Term as a result of such contamination. This indemnification of HOLA by HEART OF LA includes, without limitation, costs incurred in connection with any investigation of site conditions or any cleanup, remedial, removal or restoration work required by any federal, state or local governmental agency or political subdivision because of Hazardous Material present in the soil or ground water on or under the Premises. Without limiting the foregoing, if the presence of any Hazardous Material on the Premises caused or permitted by HEART OF LA results in any contamination of the Premises, HEART OF LA shall promptly take all actions at its sole expense as are necessary to return the Premises to the condition existing prior to the introduction of any such Hazardous Material to the Premises; provided that HOLA's approval of such actions shall first be obtained, which approval shall not unreasonably be withheld so long as such actions would not potentially have any material adverse long-term or short-term effect on the Premises. However, the foregoing provisions shall not prohibit HEART OF LA from transportation to and from, and the use, storage, maintenance, and handling within, the Premises of substances customarily used in connection with normal office or recreational center use provided: (a) such substances shall be used and maintained only in such quantities as are reasonably necessary for the permitted use of the Premises set forth in Section 5.1 of this Sublease, strictly in accordance with applicable laws and the manufacturers' instructions therefor; (b) such substances shall not be disposed of, released, or discharged at the Premises, and shall be transported to and from the Premises in compliance with all applicable laws, and as HOLA shall reasonably require; (c) if any applicable law or the trash removal contractor requires that any such substances be disposed of separately from ordinary trash, HEART OF LA shall make arrangements at HEART OF LA's expense for such disposal directly with a qualified and licensed disposal

company at a lawful disposal site, and shall ensure that disposal occurs frequently enough to prevent unnecessary storage of such substances on or around the Premises; and (d) any remaining such substances shall be completely, properly, and lawfully removed from the Premises upon expiration or earlier termination of this Sublease. The provisions of this paragraph survive expiration or termination of this Sublease.

14.1.2 Intentionally deleted.

14.1.3 **“Hazardous Material” – Definition.** As used herein, the defined term “Hazardous Material” means any chemical, substance, material, or waste or component thereof the presence of which requires investigation or remediation under any federal, state, or local statute, regulation, ordinance, order, action, policy, or common law, or which is now or hereafter listed, defined, or regulated as a flammable explosive, radioactive material, hazardous or toxic chemical, substance, material or waste or component thereof (whether injurious by themselves or in conjunction with other materials) by any federal, state, or local governing or regulatory body having jurisdiction, or which would trigger any employee or community “right-to-know” requirements adopted by such body, or for which any such body has adopted any requirements for the preparation or distribution of a material safety data sheet. “Hazardous Material” includes, without limitation, any material or substance which is: (e) defined as a “hazardous waste,” “extremely hazardous waste” or “restricted hazardous waste” under Sections 25115, 25117 or 25122.7, or listed pursuant to Section 25140, of the California Health and Safety Code, Division 20, Chapter 6.5 (Hazardous Waste Control Law); (f) defined as a “hazardous substance” under Section 25316 of the California Health and Safety Code, Division 20, Chapter 6.8 (Carpenter-Presley-Tanner Hazardous Substance Account Act, California Health and Safety Code Section 25300, *et seq.*); (g) defined as a “hazardous material,” “hazardous substance,” or “hazardous waste” under Section 25501 of the California Health and Safety Code, Division 20, Chapter 6.95 (Hazardous Materials Release Response Plans and Inventory, California Health and Safety Code Section 25500, *et seq.*); (h) defined as a “hazardous substance” under Section 25281 of the California Health and Safety Code, Division 20, Chapter 6.7 (Underground Storage of Hazardous Substances, California Health and Safety Code Section 25280, *et seq.*); (i) petroleum; (j) asbestos; (k) defined as a “hazardous constituent,” “hazardous material,” “hazardous waste,” or “toxic waste” under Article 2 of Chapter 10 (Section 66260.10) or defined as a “hazardous waste” under Article 1 of Chapter 11 (Section 66261.3) of Title 22 of the California Code of Regulations, Division 4.5 (Environmental Health Standards for the Management of Hazardous Waste, 22 C.C.R. Section 66001, *et seq.*); (l) designated as a “hazardous substance” pursuant to Section 311 (33 U.S.C. § 1321) of the Clean Water Act of 1977, as amended (Federal Water Pollution Control Act, 33 U.S.C. § 1251, *et seq.*); (m) defined as a “hazardous waste” pursuant to Section 1004 (42 U.S.C. § 6903) of the Federal Resource Conservation and Recovery Act of 1976, as amended (RCRA, 42 U.S.C. § 6901, *et seq.*); (n) defined as a “hazardous substance” pursuant to Section 101 (42 U.S.C. § 9601) of the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (CERCLA, 42 U.S.C. § 9601, *et seq.*); or (o) defined as “hazardous material” under Section 103 (49 U.S.C. § 1802) of the Hazardous Materials Transportation Act (49 U.S.C. § 1801, *et seq.*); or as such laws may be amended from time to time, and the regulations adopted and publications promulgated pursuant to such laws.

14.1.4 Disposal of Hazardous Material. If HEART OF LA disposes of any soil, material or groundwater contaminated with hazardous material, HEART OF LA shall provide HOLA and CITY copies of all records including a copy of each uniform hazardous waste manifest indicating the quantity and type of material being disposed of, the method of transportation of the material to the disposal site and the location of the disposal site. Except where presence of Hazardous Material predated this Sublease, HOLA and CITY shall not appear on any manifest document as a generator of such material disposed of by HEART OF LA.

14.1.5 Hazardous Material Tests. Any tests required of HEART OF LA by this Article shall be performed by a State of California Department of Health Services (or successor entity) certified testing laboratory satisfactory to CITY. By signing this Sublease, HEART OF LA hereby irrevocably directs any such laboratory to provide HOLA and CITY, upon written request from HOLA or CITY, as applicable, copies of all of its reports, test results, and data gathered. As used in this Article, the term "HEART OF LA" includes agents, employees, contractors, subcontractors, and/or invitees of HEART OF LA.

14.1.6 Notice of Hazardous Substances. California Health and Safety Code section 25359.7(a) requires any owner of nonresidential real property who knows, or has reasonable cause to believe, that any release of hazardous substance has come to be located on or beneath that real property to, prior to the lease or rental of that real property or when the presence of such release is actually known, give written notice of that condition to the lessee or renter. California Health and Safety Code section 25359.7(b) requires any tenant of real property who knows, or has reasonable cause to believe, that any release of hazardous substance has come to be located on or beneath that real property to give written notice of such condition to the owners. HEART OF LA and HOLA shall comply with the requirements of section 25359.7 and any successor statute thereto and with all other statutes, laws, ordinances, rules, regulations and orders of governmental authorities with respect to hazardous substances.

ARTICLE 15 DEFAULT AND CANCELLATION

15.1 Events of Default. The following occurrences are "Events of Default":

15.1.1 Breach of Sublease. HEART OF LA materially breaches or fails in the performance of any of the provisions or conditions of this Sublease; or

15.1.2 Failure to Conform to Laws. HEART OF LA fails to conform to applicable laws, rules or regulations.

15.2 Default – HOLA's Remedies. If any one or more Events of Default set forth in Section 15.1 occurs, then HOLA may, at its election, without any further notice to or authorization from HEART OF LA, and without waiving its rights at any time to select any other remedy provided in this Section, elsewhere in this Sublease, if applicable, or under law, do any one or more of the following:

15.2.1 Termination of Sublease. HOLA may give HEART OF LA written notice of such Event of Default. If HEART OF LA does not cure said default within thirty (30) days after notice, subject to Force Majeure, HOLA may deliver a second written notice to HEART OF LA, after which, if HEART OF LA fails to cure said default within an additional thirty (30) days, subject to Force Majeure, or such longer period as is reasonably necessary to remedy such default, provided that HEART OF LA shall continuously and diligently pursue such remedy at all times until such default is cured, HOLA may terminate this Sublease and HEART OF LA shall vacate the Premises and comply with Section 16.1; and/or

15.2.2 Recovery at Law. HOLA may recover at law any and all claims which may be due HOLA; and/or

15.2.3 Self-help. HOLA may perform such work as it deems necessary to cure said Event of Default and charge HEART OF LA for the cost of labor and materials expended. HOLA shall provide HEART OF LA with reasonably detailed invoice for the labor and materials expended, plus administrative overhead, and HEART OF LA shall pay the full sum of the invoice within sixty (60) days of HEART OF LA's receipt of the invoice. In the event HEART OF LA disputes any of the charges on the invoice or HEART OF LA's obligation to pay for any or all of the items, HEART OF LA shall pay the full sum of the invoice within the sixty (60) day period, subject to prompt reimbursement from HOLA to the extent HEART OF LA prevails on any items in dispute.

The specified remedies to which HOLA may resort under the provisions of this Sublease are cumulative and not intended to be exclusive of any other remedies afforded by law.

15.3 No Waiver. The conduct of either party or the acceptance of all or part of any payment by HOLA after an Event of Default for any period after an Event of Default shall not be deemed a waiver of any rights and remedies, nor a waiver of the default of the same or any other provision, covenant or condition. Waiver by either HOLA or HEART OF LA of any breach by the other of any covenant, condition or obligation herein contained or failure by either HOLA or HEART OF LA to exercise any right or remedy in respect of any such breach shall not constitute a waiver or relinquishment for the failure of any such covenant, condition or obligation or of any subsequent breach of any such covenant, condition or obligation nor bar any right or remedy of HOLA or HEART OF LA in respect of any such subsequent breach.

15.4 Default by HOLA. In the event HOLA defaults in the performance of any of the provisions or conditions of this Sublease, and if a written notice of such default is issued to HOLA by HOLA, and if HOLA does not commence to cure said default within sixty (60) days of receipt of said notice, subject to Force Majeure, HEART OF LA may immediately terminate this Sublease and/or obtain specific performance.

ARTICLE 16 SURRENDER OF PREMISES

16.1 Surrender of Premises. Upon termination of this Sublease, should HEART OF LA and the HOLA not enter into a new Sublease of the Premises, HEART OF LA shall quit and

surrender possession of the Premises to HOLA in good and usable condition, subject to normal wear and tear, including surrender of the improvements (without representation or warranty, on an “as is, where is” basis). Any improvements which have been constructed or erected on the Premises shall, upon termination of this Sublease, become the property of HOLA. HEART OF LA’s personal property and fixtures related thereto, and all property described in Section 11.1 shall remain the property of HEART OF LA or its assigns and may be removed by HEART OF LA from the Premises upon termination of this Sublease. Should HEART OF LA fail to remove such property, improvements, or fixtures after the termination of this Sublease, HOLA may, at HOLA’s option: (1) retain all or any of such property, and title thereto shall thereupon vest in HOLA; or (2) remove the same, in which event HEART OF LA shall pay to HOLA upon demand the reasonable costs of such removal.

16.2 No Implied Surrender. HEART OF LA agrees on the last day of the Term, or on the earlier termination of this Sublease, to surrender the Premises, including all then existing improvements. No act or thing done by HOLA during the Term shall be deemed an acceptance of a surrender of the Premises, and no agreement to accept such surrender shall be valid unless in writing and signed by HOLA.

16.3 Failure to Surrender. If HEART OF LA fails to surrender the Premises, together with the improvements thereon, upon the termination of this Sublease, HEART OF LA agrees to indemnify and hold harmless HOLA from and against any loss or liability, including costs and reasonable attorney’s fees, resulting from such failure to surrender, including, but not limited to, any claims made by any succeeding tenant based on or resulting from such failure to surrender. Nothing herein contained shall be construed as consent to any occupancy or possession of any portion of the Premises and the improvements thereon by HEART OF LA beyond the expiration of the Term or the earlier termination of this Sublease.

ARTICLE 17 ASSIGNMENT AND BANKRUPTCY

17.1 Assignment and Subletting. HEART OF LA shall not have a right to assign or to sub-sublet the Premises, or any part thereof, except in HOLA’s sole and absolute discretion.

17.2 Intentionally deleted.

17.3 Bankruptcy. To the extent permitted by law, neither this Sublease nor the rights herein granted shall be assignable or transferable by any process or proceedings in any court, or by attachment, execution, proceedings in insolvency or bankruptcy either voluntary or involuntary, or receivership proceedings. To the extent the previous sentence is not permitted by law, in the event that HEART OF LA shall be adjudicated a bankrupt, or become involved in any proceedings under the bankruptcy laws of the United States or the receivership laws of the State of California, or if the subleasehold interest created by this Sublease or any improvements constructed pursuant to this Sublease are transferred due to operations of law, including, without limitation, the enforcement of a judgment, the trustee in bankruptcy, the receiver, the assignee, or the judgment purchaser shall be bound by all provisions of this Sublease, including, without limitation, the requirement that the Premises be operated as a nonprofit arts and recreation center (Section 5.1).

**ARTICLE 18
CONDEMNATION**

18.1 **Condemnation.** Should any or all of the Premises be acquired for public use under the power of eminent domain or by purchase in lieu thereof, CITY shall be entitled to all compensation and severance damages attributable to the land. HOLA shall receive any compensation and severance damages which may be paid for damage or loss of buildings, other improvements, and its personal property. Notwithstanding the foregoing, while any Leasehold Mortgage remains outstanding, any condemnation proceeds shall be governed by the Leasehold Mortgage and any documents related to such Leasehold Mortgage.

**ARTICLE 19
NOTICES**

19.1 **Notices.** All notices and demands which may or are to be required or permitted to be given by either party to the other hereunder shall be in writing. All notices and demands shall be personally delivered (including by means of professional messenger service), sent by United States mail, postage prepaid, return receipt requested, or transmitted by telecopier (*e.g.*, Fax) or electronic mail (upon mutual agreement of participating parties), in which case the receiving party shall immediately confirm receipt of such telecopied or e-mailed notice. All notices are effective upon receipt. For the purposes of such notices, the addresses for the parties are set forth in Section 19.2 below. In the event HOLA is unable to give notice to HEART OF LA at the address(es) provided to HOLA by HEART OF LA, notice shall be deemed effective when addressed to HEART OF LA at the Premises. Either party may from time to time designate another person or place in a notice.

19.2 **Notices – Where Sent.** All notices given under this Sublease which are mailed or telecopied shall be addressed (unless re-designated as provided above) to the respective parties as follows:

<u>To CITY or General Manager:</u>	City of Los Angeles Board of Recreation and Parks Commissioners 1200 W. 7th Street, 7th Floor Los Angeles, California 90017 Telecopier: (213) 928-9048
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with a copy of any notice to	General Manager Department of Recreation and Parks 1200 W. 7th Street, 7th Floor Los Angeles, California 90017 Telecopier: (213) 928-9031
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HOLA Draft 3/6/17

with a copy of any notice to
 Office of the City Attorney
 Real Property/Environment Division
 700 City Hall East
 200 North Main Street
 Los Angeles, California 90012-4130
 Telecopier: (213) 978-8090

To HOLA:
 Chairman of the Board
 HOLA Community Partners
 2701 Wilshire Boulevard, Ste. 100
 Los Angeles, California 90057
 Telephone: (213) 389-1148

To HEART OF LA:
 Anthony M. Brown, Executive Director
 Heart of Los Angeles Youth, Inc.
 2701 Wilshire Boulevard, Ste. 100
 Los Angeles, California 90057
 Telephone: (213) 389-1148

ARTICLE 20 STANDARD PROVISIONS FOR CITY CONTRACTS

The provisions of Exhibit C attached hereto are incorporated herein by reference as if fully restated herein.

ARTICLE 21 MISCELLANEOUS PROVISIONS

21.1 Amendment of Sublease. No amendment, modification, supplement or mutual termination of any provision of this Sublease shall in any event be effective unless the same shall be in writing and signed by HOLA and HEART OF LA.

21.2 Binding Effect. Subject to the provisions of this Sublease relative to assignment (Section 17.1), this Sublease shall be binding upon and inure to the benefit of the heirs, executors, administrators, transferees, successors and assigns of the respective parties hereto.

21.3 Captions, Table of Contents, and Index. The captions and table of contents of this Sublease are inserted only as a matter of convenience and reference, and they in no way define, limit, or describe the scope of any provisions of this Sublease, or the intent of any provision of this Sublease, and shall not be used with respect to the interpretation of any provision of this Sublease.

21.4 Conflict of Laws and Venue. This Sublease shall be governed by and construed under the laws of the State of California. Venue on any action arising out of this Sublease will be proper only in the County of Los Angeles, State of California.

21.5 Corporate Resolution. HEART OF LA shall provide to HOLA a current copy of its Corporate Resolution depicting the names and legal signatures of the officers of the corporation

authorized to execute legal documents, including this Sublease, on behalf of HEART OF LA. Within thirty (30) days of any change in such names, HEART OF LA shall provide to HOLA the updated Corporate Resolution.

21.6 **Counterparts.** This Sublease may be executed in one or more counterparts, each of which may be deemed an original, but all of which together shall constitute one and the same instrument.

21.7 **Force Majeure.** Whenever either party hereto shall be required by the provisions of this Sublease or by law to perform any contract, act, work, construction, labor or services (excepting only the obligation to pay rent due hereunder), or to discharge any lien against the Premises, or to perform and comply with any laws, rules, orders, ordinances, regulations or zoning regulations, said party shall not be deemed to be in default herein and the other party shall not enforce or exercise any of its right under this Sublease, if and so long as nonperformance or default herein shall be directly caused by strikes, nonavailability of materials, war or national defense preemptions, governmental restrictions, acts of God or other similar causes beyond the reasonable control of the nonperforming party; provided, however, that notwithstanding any of the provisions of the foregoing, the nonperforming party shall commence such performance and continue the same with diligence and continuity immediately after the removal of any of the causes hereinabove specified.

21.8 **Gender.** As used herein, the neuter gender includes the feminine and masculine, the masculine includes the feminine and the neuter and feminine includes the masculine and the neuter, and each includes corporations, limited liability companies, partnerships or other legal entities when the context so requires.

21.9 **No Prior Agreements.** This Sublease contains all of the agreements of the parties hereto with respect to the matters covered hereby, and no prior agreements, oral or written, or understandings or representations of any nature whatsoever pertaining to any such matters shall be effective for any purpose unless expressly incorporated in the provisions of this Sublease.

21.10 **No Relocation Assistance.** HEART OF LA acknowledges that it is not entitled to relocation assistance or any other benefits under the California Relocation Assistance Act (Government Code section 7260, *et seq.*), the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (42 U.S.C.A. § 4601, *et seq.*), or any other provisions of law upon termination of this Sublease.

21.11 **Quiet Enjoyment.** If HEART OF LA is not in default as provided herein, HEART OF LA shall and may peaceably and quietly have, hold, and enjoy the Premises with necessary ingress and egress in accordance with the provisions hereof.

21.12 **Severability.** If any provision of this Sublease or the application thereof to any person or circumstance shall to any extent be invalid or unenforceable, the remainder of this Sublease, or the application of such provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each provision of this Sublease shall be valid and be enforced to the fullest extent permitted by law.

21.13 **Sole Discretion.** In those instances in this Sublease where it is provided that HOLA may approve a request in the exercise of “sole discretion” or words of like import, the parties expressly agree that HOLA has the absolute unfettered discretion to grant or withhold approval, either arbitrarily or otherwise, and with or without reason, and neither HEART OF LA nor any other party or tribunal shall have any right or power to inquire into or review the granting or withholding of such approval or the reasons or lack of reasons therefor.

21.14 **Time.** Time is of the essence with respect to the performance or observance of each of the obligations, covenants and agreements under this Sublease. Except where expressly stated to be “business days” or “working days,” the word “days” shall mean “calendar days.”

21.15 **Exhibits – Incorporation in Sublease.** The following documents are attached and incorporated into and are fully enforceable as part of this Sublease.

Exhibit A Map and Legal Description

Exhibit B Memorandum of Sublease

In the event of a conflict between this Sublease and the terms of the documents incorporated into this Sublease, this Sublease shall control.

[SIGNATURES FOLLOW ON NEXT PAGE]

IN WITNESS WHEREOF, HOLA COMMUNITY PARTNERS, a California nonprofit public benefit corporation, Sublandlord herein, and HEART OF LOS ANGELES YOUTH, INC., a California nonprofit public benefit corporation, Subtenant herein, have caused this Sublease to be executed as of the Effective Date.

HOLA:

HOLA COMMUNITY PARTNERS, a California public non-profit corporation

By: _____
Chairperson

By: _____
Secretary

Date: _____

HEART OF LA:

HEART OF LOS ANGELES YOUTH, INC., a California public non-profit corporation

By: _____
Chairperson

By: _____
Secretary

Date: _____

EXHIBIT "A"

MAP AND LEGAL DESCRIPTION

EXHIBIT "B"

MEMORANDUM OF SUBLEASE

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

Chairman of the Board
HOLA Community Partners
2701 Wilshire Boulevard, Ste. 100
Los Angeles, California 90057
Telephone: (213) 389-1148

MEMORANDUM OF SUBLEASE

THIS MEMORANDUM OF SUBLEASE ("Memorandum") is made as of March ____, 2017, by and between the HOLA COMMUNITY PARTNERS, a California public benefit non-profit corporation ("HOLA"), with a principal mailing address at 2701 Wilshire Boulevard, Suite 100, Los Angeles, California 90057, as Sublandord, and HEART OF LOS ANGELES YOUTH, INC., a California public benefit corporation ("HEART OF LA"), with a principal mailing address at [], as Subtenant, who agree as follows:

1. **Term and Premises.** HOLA Subleases to HEART OF LA, and HEART OF LA Subleases from HOLA, the real property located in the City of Los Angeles, County of Los Angeles, State of California, described as:

commonly known as the Lafayette Park Area, for a term of Fifty (50) Years, commencing on or about the date of this Memorandum on the provisions of the Sublease between the parties, which Sublease ("Sublease") is dated on the same date as this Memorandum. These provisions are incorporated into this Memorandum by reference.

2. **Provisions Binding on HEART OF LA.** The provisions of the Sublease to be performed by HEART OF LA, whether affirmative or negative in nature, are intended to and shall bind HEART OF LA and its successors and assigns at any time, and shall inure to the benefit of HOLA and its successors and assigns.

3. **Provisions Binding on HOLA.** The provisions of the Sublease to be performed by HOLA, whether affirmative or negative in nature, are intended to and shall bind HOLA and its successors and assigns at any time, and shall inure to the benefit of HEART OF LA and its successors and assigns.

4. **Purpose of Memorandum.** This Memorandum is prepared for the purpose of recordation, and it in no way modifies the provisions of the Sublease.

5. **Reference to Sublease for All Purposes.** Reference is hereby made to the entire Sublease for any and all purposes.

HOLA:

HOLA COMMUNITY PARTNERS, a
California public non-profit corporation

By: _____
Chairperson

By: _____
Secretary

Date: _____

HEART OF LA:

HEART OF LOS ANGELES YOUTH, INC., a
California public non-profit corporation

By: _____
Chairperson

By: _____
Secretary

Date: _____

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

STATE OF CALIFORNIA)

COUNTY OF)

On _____ before me, _____, a Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature _____

(Seal)

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

STATE OF CALIFORNIA)

COUNTY OF)

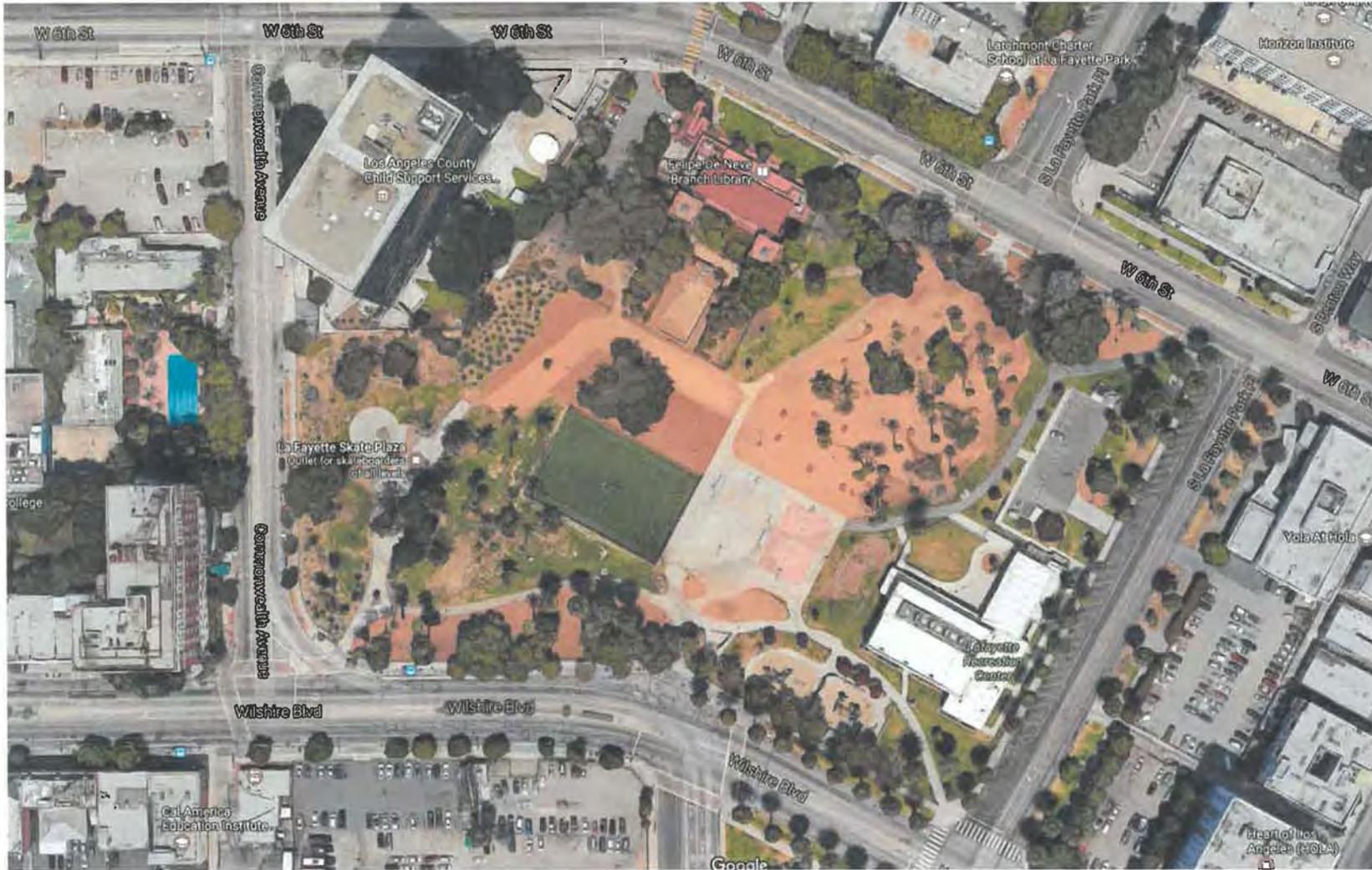
On _____ before me, _____, a Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature _____

(Seal)



**Heart of Los Angeles Performing Arts and Enrichment Center
625 S. La Fayette Park Place, Los Angeles, Ca.**

**Existing Site Conditions Aerial Photo
March 8, 2017
Berliner Architects
Office of the Designed Landscape**



Heart of Los Angeles Performing Arts and Enrichment Center
625 S. La Fayette Park Place, Los Angeles, Ca.

Site Rendering in Park Context
 March 8, 2017
 Berliner Architects B
 Office of the Designed Landscape

Exhibit B



Existing Site Looking North towards 6th Street



Existing Site Looking West near 6th Street



Existing Site Looking West from Parking Lot



Existing Site Looking North towards 6th Street

Heart of Los Angeles Performing Arts and Enrichment Center
625 S. La Fayette Park Place, Los Angeles, Ca.

March 8, 2017
Berliner Architects
Office of the Designed Landscape



Proposed Trees

- 10 Trees to replace 5 Canopy Trees
- 18 Trees to replace 18 Palm Trees
- 28 Total Trees to be planted
- 1 Tree to be transplanted

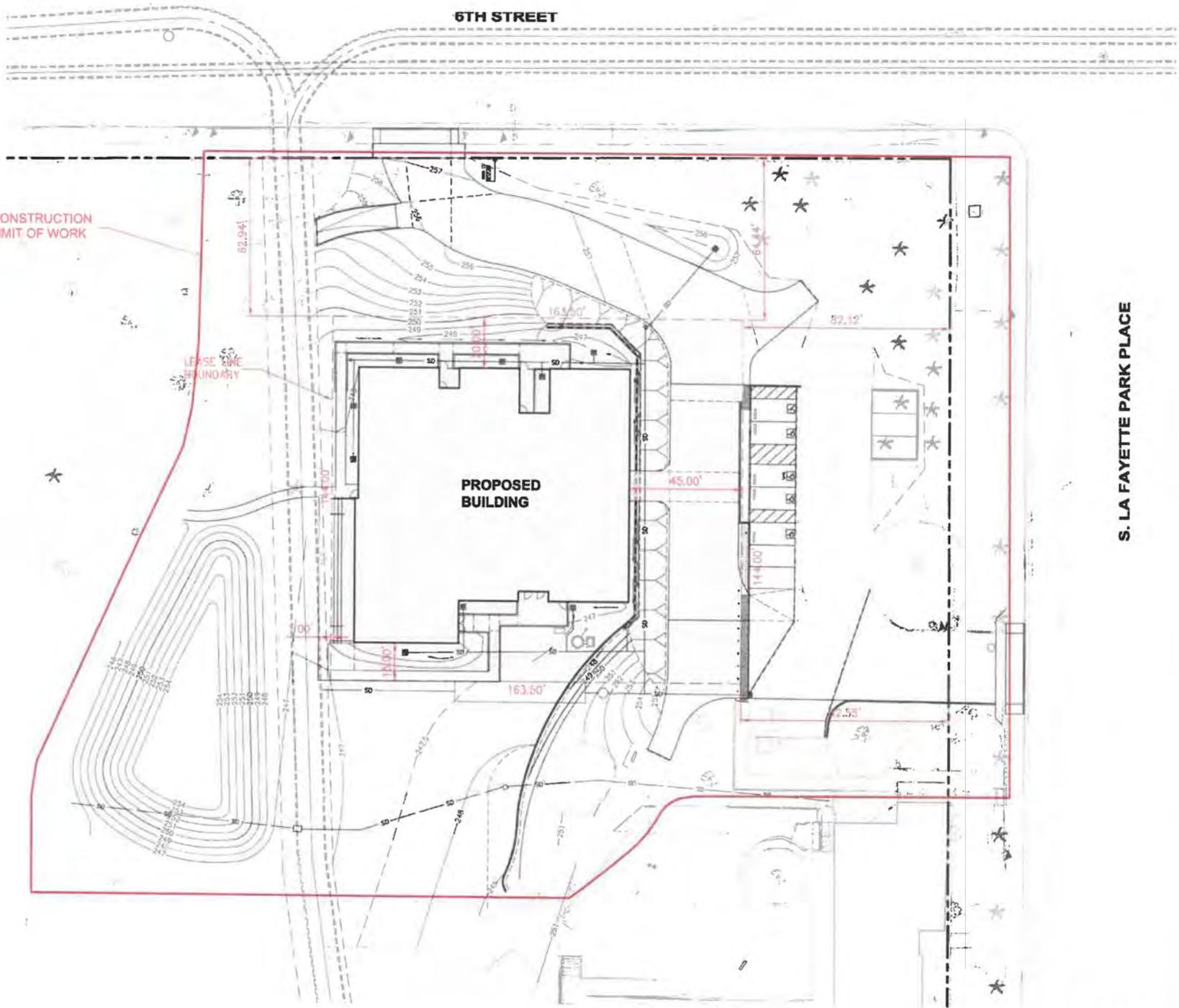


LAFAYETTE PARK PLACE

Heart of Los Angeles Performing Arts and Enrichment Center
625 S. La Fayette Park Place, Los Angeles, Ca.

Proposed Tree Diagram
 March 8, 2017
 Berliner Architects
 Office of the Designed Landscape

CONSTRUCTION
LIMIT OF WORK



S. LA FAYETTE PARK PLACE



LEASE LINE EXHIBIT

